celebrate . . .

2007
Comprehensive Annual Financial Report
Fiscal Year Ended June 30, 2007

Tulsa's Centennial Kick-Off

Tulsa, Oklahoma was host to the Oklahoma Centennial year kick-off. On November 16, 2006, downtown Tulsa was alive with activity as fireworks burst, laser lights shined and skyscrapers were turned into larger than life movie screens. Music for the hour long show was simulcast on Tulsa radio stations, which allowed people from miles around to watch and listen as Oklahoma began its 100th year of Statehood.

OKLAHOMA 2007

Comprehensive Annual Financial Report
for the Fiscal Year Ended June 30, 2007

Brad Henry
Governor

Prepared by

Office of State Finance

Tony Hutchison, Director
Brenda Bolander, State Comptroller

The Oklahoma Comprehensive Annual Financial Report is an annual publication of the Oklahoma Office of State Finance and is prepared by the Division of Central Accounting & Reporting.

This publication is issued under authority of the Office of State Finance. Pursuant to 74 O.S. 1992, Section 3105, 300 bound copies and 525 compact discs have been prepared and distributed at a cost of $6,469.00. The Office of State Finance would appreciate credit for any reprint.

Requests for additional copies, comments or questions may be directed to Lisa Halstied, Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105.

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118th Annual Tournament of Roses Parade

On January 1, 2007, Oklahoma was spotlighted during the 118th Annual Tournament of Roses Parade in Pasadena, California. Millions of people around the world watched Oklahoma performers star in the opening musical number. Oklahoma is the first state to have a float in the Rose Parade. As a matter of fact, Oklahoma had two floats, one called *A Unique History* and the other was called *An Extraordinary Future* (pictured above) which was ridden by Governor Henry and family, astronaut John Harrington, The Flaming Lips and Miss America Jennifer Berry. The float also featured a surprise flight from the Centennial Rocketman.

INTRODUCTORY SECTION

INTRODUCTORY SECTION

TONY HUTCHISON
DIRECTOR OF STATE FINANCE

BRAD HENRY
GOVERNOR

STATE OF OKLAHOMA
OFFICE OF STATE FINANCE

January 29, 2008

To the Honorable Brad Henry, Governor
Members of the Legislature, and
Citizens of the State of Oklahoma

The Office of State Finance is pleased to present the Comprehensive Annual Financial Report (CAFR) for the State of Oklahoma for the fiscal year ended June 30, 2007. This report, presented in three sections - Introductory, Financial, and Statistical - is the primary means of reporting the State government's financial activities. Its objective is to provide a clear picture of the government as a single, unified entity as well as providing traditional fund based financial statements. The CAFR has been prepared in conformance with relevant Governmental Accounting Standards Board (GASB) statements.

The Introductory Section contains an overview of the State's economic performance, a review of current initiatives and summary financial data. The Financial Section contains Management's Discussion and Analysis; Government Wide Financial Statements; Fund Financial Statements for Governmental Funds, Proprietary Funds, Fiduciary Funds and Similar Component Units, and Major Component Units. The Financial Section also includes the Notes to the Financial Statements and Required Supplementary Information. The Statistical Section contains selected financial and demographic information. The Management's Discussion and Analysis contains complementary information and readers are encouraged to review this section.

PROFILE OF THE GOVERNMENT

Management of the State, through the Office of State Finance (OSF), is responsible for the accuracy, fairness and completeness of the financial statements presented in this report. The statements have been prepared in accordance with generally accepted accounting principles (GAAP). To the best of our knowledge and belief, the information presented is accurate in all material respects and includes all disclosures necessary for an understanding of the State's financial position and activities. The Governor and Legislature govern all funds and accounts for every executive agency, board, commission, public trust, authority, college and university whose data are presented in this report. The financial reporting entity, the State of Oklahoma, includes these funds, organizations, agencies, boards, commissions, and authorities. In accordance with Governmental Accounting Standards Board Statement 14, the State financial reporting entity includes twenty-three component units. There are seven major component units, nine nonmajor component units, and seven fiduciary component units. The major and nonmajor component units are discretely presented in the financial statements. The fiduciary component units are presented on the fiduciary fund and similar component unit's financial statements, along with the other fiduciary activities of the state. The fiduciary activities are not included in the government-wide financial statements because the resources of these funds are not available to support the State's own programs.

State finances are governed by rules designed to ensure sound, conservative management. The legislature cannot appropriate more than 95% of the general revenue expected to be collected in the coming year. The State Board of Equalization, an independent board not subject to legislative control, establishes the legislative appropriation authority. Unlike many states that use seasonal borrowing to meet cash demands, Oklahoma maintains a cash flow reserve sufficient to meet fluctuating cash needs. General obligation indebtedness is prohibited without a vote of the people. When revenue

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receipts are less than estimated, the Director of Finance is mandated by the Oklahoma Constitution to declare a revenue shortfall and reduce appropriations as required to allow appropriations be covered by current year tax collections.

The State's financial statements have been audited by the Office of the State Auditor and Inspector. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2007, are free of material misstatement. The audit was conducted in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and the significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State of Oklahoma's financial statements for the fiscal year ended June 30, 2007 are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

Internal Controls

Management of the State of Oklahoma is responsible for the establishment and maintenance of internal accounting controls that have been designed to ensure assets are safeguarded and financial transactions are properly recorded and adequately documented. Such internal controls require estimates and judgments from management so that, in attaining reasonable assurance as to the adequacy of such controls, the cost does not exceed the benefit obtained.

Budget and Fiscal Policy

The budget process begins when each agency that expends money through the state treasury, except the legislature, submits an annual budget request to the OSF. Copies are also provided to the legislative fiscal staffs. These requests are reviewed and analyzed for the Governor by the OSF. The Governor then makes formal recommendations in his "Executive Budget" which is presented to the legislature on the first day of the legislative session. During the legislative session, legislative committees review agency needs, recommend appropriation levels, and the Legislature must approve all appropriation bills for agency operations for the next fiscal year. Appropriation bills provide for state appropriated funds and establish spending limits for state agencies. The Governor can accept, reject or line-item veto particular legislative appropriations. Prior to encumbering or spending money in the fiscal year, each agency must submit a Budget Work Program to the OSF. The program outlines, by object of expenditure, fund source and program category, how the agency plans to spend the available state, federal and revolving funds during the fiscal year. The OSF must approve an agency's budget work program before agencies can encumber or spend available funds.

Oklahoma's Constitution restricts total appropriations to 95% of estimated general revenues. The Board of Equalization is responsible for approving the official itemized estimate of revenues based upon information provided by OSF and the Oklahoma Tax Commission and sets the amount of legislative appropriations authority. The Board is comprised of six elected officials: the Governor, the State Auditor and Inspector, the State Treasurer, the Lieutenant Governor, the Attorney General, and the Superintendent of Public Instruction, as well as the President of the State Board of Agriculture.

The Constitution requires that collections in excess of the Board of Equalization's itemized estimate of General Revenue Fund revenues be deposited to the "Rainy Day Fund" each year until the balance of the Rainy Day Fund equals 10% of the prior fiscal year's General Revenue Fund certified appropriations authority. In November of 2004, the voters of Oklahoma enacted new restrictions on the use of the Rainy Day Fund. Up to one-fourth of the July 1 balance each year may be appropriated upon an emergency declaration by the Governor with concurrence of two-thirds of the House and Senate, or by a declaration of an emergency by the Speaker of the House and President-Pro Tempore of the Senate with concurrence of three-fourths of the members of each house. Up to three-eighths of the fund may be accessed if the Board of Equalization is forecasting a decline in state revenues for the coming fiscal year and up to three-eighths may be utilized in the event of a current year revenue shortfall.

The State also has an oversight process for the issuance of debt. The Council on Bond Oversight is responsible for the review and approval of all debt issued by the State, its agencies and public trusts, and performs an assessment of all capital leases.

Proprietary Operations

The State's proprietary operations are comprised of governmental agencies and quasi-governmental agencies providing goods and/or services to the public on a user charge basis. These activities are financed and operated in a manner similar to private business enterprises. They operate with the intent to recover the costs of operations from those directly benefiting from the goods or services. Some of the activities included in the State's proprietary operations are power generating plants, turnpikes, medical services and insurance and financing services for both public and private entities.

Cash Management

State law requires full collateralization of all State Treasurer bank balances. Generally, the Treasurer promulgates rules that establish the amount of collateral that must be pledged against deposits. However, component units of the State reporting entity may have collateralization policies that differ from those of the State Treasurer. The State Treasurer is required to keep at least 80% of available cash invested. At June 30, 2007, the State Treasurer’s average investable base was $3.303 billion.

Capital Assets

These financial statements include the capital assets of the State. A discussion of capital assets accounting is included in the Management Discussion and Analysis that is part of the basic financial statements. More detailed information about capital assets can be found in the notes to the financial statements.

Debt Administration

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens. The general obligation bonds of the State are rated "Aa3" by Moody's Investors Service and "AA" by both Standard & Poor's Corporation and Fitch Investors Service. Prior to a 1993 general obligation bond program, except for refunding bonds, the State last issued general obligation bonds in 1968. Certain maturities of those bonds were advance refunded in 1977 and again in 2003. As of June 30, 2007, the outstanding general obligation net debt of the State of Oklahoma was $233.5 million. This figure excludes the self-supporting taxable bonds of the Oklahoma Industrial Finance Authority, which are secured by the repayment of loans made to private businesses. State revenues have never been required to support debt service payments on these obligations.

Various agencies, trusts, and authorities issue revenue bonds on behalf of the State of Oklahoma, and these obligations are supported solely by the revenues of the issuing entities. Those revenues may include appropriations to the respective entities. More detailed information about long-term obligations can be found in the notes to the financial statements.

Risk Management and Insurance

In general, the State is "self-insured" for health care claims, workers' compensation, tort liability, vehicle liability, and property losses, with some exceptions for participation in health maintenance organizations and for excess coverage items. The property loss excess coverage is limited to a maximum loss of $1 billion. The Oklahoma State and Education Employees' Group Insurance Board provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. CompSource provides workers' compensation coverage for both public and private sector employees in Oklahoma.

ECONOMIC CONDITIONS AND OUTLOOK

Oklahoma is an attractive place in which to live and conduct business. The state enjoys a very low cost of doing business, has a highly skilled and productive work force, enjoys low energy costs and is geographically well positioned for interstate commercial activity. For example, Oklahoma lies at the crossroads of U.S. Interstates 35, 40 and 44, three of the nation's most important transportation and shipping corridors, allowing state businesses to take advantage of opportunities anywhere in the United States. Oklahoma boasts high quality education systems with award-winning schools, which are considered models for career-technology, common, and higher education. Oklahoma's School of Science and Math in Oklahoma City consistently ranks among the top schools in the country.

Oklahoma is also known for its abundant resources. The state remains a leading producer of oil and natural gas, allowing Oklahoma manufacturers to take advantage of some of the lowest energy prices in the nation. Oklahoma is a leading producer of agricultural products, ranking in the top ten in production of wheat, peanuts, grain sorghum, pecans, rye, hogs and cattle. Oklahomans also enjoy many opportunities for outdoor recreation and, due to its many man-made reservoirs; Oklahoma has more miles of shoreline than any other state.

Oklahoma's economy has made great gains since the economic recession of 2001-2002. Oklahoma was ranked fourteenth, higher than surrounding states in the "Top 10 Pro-Business States for 2007" by Pollina Corporate Real Estate. The national study recognized Oklahoma for its business incentives and economic development efforts.

Some highlights of Oklahoma's economy are:

- The state job growth for 2007 was 1.5 percent versus 1.3 percent at the national level.
- Strong job gains relative to the U.S. have again pushed state population gains above the 1 percent mark in 2007.

In 2007, over 5,000 jobs have been announced statewide by manufacturing and service companies. Some of the most notable employment announcements taking place in Oklahoma include: 300 jobs being added in Tulsa by American Airlines, 180 jobs in Broken Arrow by Hill Manufacturing, 100 jobs in McAlester by Choctaw Manufacturing and Development and 450 jobs in Tulsa by DMI Industries, a manufacturer of steel products and wind towers.

Oklahoma emerged from the revenue shortfall years of FY-2002 and FY-2003 with solid revenue growth in FY-2004 through FY-2007. Actual revenue collected again exceeded 100% of the estimate and a deposit of $75.9 million was made into the Rainy Day Fund. This is the third year in a row and only the third time since the creation of the Rainy Day Fund that the fund balance reached the maximum allowed by law. The legal maximum is equal to 10% of the prior fiscal year's general revenue fund appropriations, or $571.6 million for fiscal year 2007.

Oklahoma is also experiencing record investment revenues as the State Treasurer's monthly average investable base has risen from $1.801 billion at the end of FY-2003 to $3.303 billion at the end of FY-2007. Already for FY-2008, this amount has increased another $295 million to an all time high of $3.598 billion.

CURRENT DEVELOPMENTS AND MAJOR INITIATIVES

Revenue from the increased tobacco tax, gaming and the lottery will enhance Oklahoma's diverse revenue base and provide additional funds to health care and education. The State Board of Equalization approved an increase in certification of over $101.6 million from FY-2007. Changes in law and transfers to the special cash fund made during the legislative session increased overall appropriations and expenditure authority to just over $7 billion for FY-2008. Additional funds became available after the start of the fiscal year 2008. An additional $155 million spilled over from the Rainy Day Fund when it reached a Constitutional cap of $571.6 million. A total of $139.8 million in "spillover" funds were already allocated including $22 million for teacher salary increases, $39 million for Higher Education and $90 million to the State Emergency Fund.

The Governor and Legislature focused on a number of significant issues during the 2007 legislative session designed to encourage economic development, improve education and increase access to quality health care services.

Tax Reform

Oklahoma's energy industry will likely give the state an edge in our economic outlook for fiscal year 2008. The state will see overall tax revenues begin to moderate much like the United States as a whole.

Tax reform was enacted lowering the top marginal rate for income taxes for tax year 2008 to 5.5% with a further reduction to 5.25% in tax year 2009. The standard deduction will gradually increase to the federal level. Estate taxes will be phased out over a three-year period by equaling the exemption and rates for lineal and collateral heirs in 2007 and further increasing the exemptions in 2008 and 2009.

Quality Education Initiatives

The FY-2008 budget includes $32 million for a $600 salary increase for teachers and $19.95 million for a targeted pay increase for teachers with ten or more years of experience. While Oklahoma still lags the regional average for teacher's salaries, it has increased to 97% of the average from a low of 87% in fiscal year 2000.

Recommendations of the Achieving Classroom Excellence (ACE) Task Force created in the 2006 Session are continuing to be implemented. Major provisions include advising the State Board of Education on curriculum alignment, assessment development, alternate tests, intervention, and remediation strategies.

Highlights of the fiscal year 2007 and fiscal year 2008 budgets include (expressed in millions):

	Amount Appropriated		Percentage of Total Appropriations		Increase (Decrease) from Prior Year		Percentage Increase (Decrease)	
	2007	2008	2007	2008	2007	2008	2007	2008
Department of Education	$ 2,348	$ 2,480	36%	36%	$ 340	$ 327	17%	15%
Regents for Higher Education	934	1,054	15%	15%	132	165	16%	19%
Career & Technical Education	147	155	2%	2%	23	25	19%	19%
Other Education	26	30	0%	0%	3	(7)	13%	(19%)
Total Education	3,455	3,719	53%	55%	498	510	17%	16%
Department of Health	71	74	1%	1%	13	11	22%	17%
Health Care Authority	702	772	11%	11%	220	137	46%	22%
Department of Mental Health	195	208	3%	3%	40	36	26%	21%
Other Health	42	41	1%	1%	3	1	8%	3%
Total Health	1,010	1,095	16%	16%	276	185	38%	20%
Department of Human Services	536	557	7%	7%	128	75	31%	16%
Office of Juvenile Affairs	104	110	2%	2%	11	12	12%	12%
Other Human Services	42	43	1%	1%	6	4	17%	10%
Total Human Services	682	710	11%	10%	145	91	27%	15%
Department of Corrections	456	478	7%	7%	72	69	19%	17%
Department of Transportation	285	218	4%	3%	84	(57)	42%	(21%)
Department of Public Safety	90	98	1%	1%	25	19	38%	24%
Other	462	486	7%	7%	(56)	(201)	(11%)	(29%)
Total	$ 6,440	$ 6,804	100%	100%	$ 1,044	$ 616	19%	10%

FINANCIAL INFORMATION

Governmental Functions

Most financial operations of the State are reported in governmental fund types, which are the General Fund and the Permanent Funds. Following are schedules of revenues and expenditures for these governmental funds. Note that the following tables present data according to generally accepted accounting principles for the fiscal year ended June 30, 2007, while previous tables have presented budgetary data for this and later periods. Transfers are primarily from the General Fund to support public institutions of higher education.

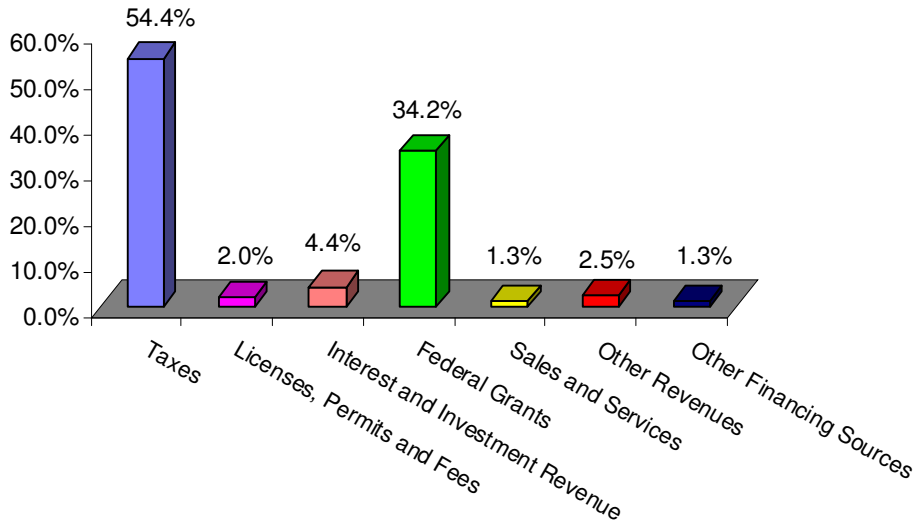
Governmental Funds: Revenues and Other Financing Sources - GAAP Basis
(expressed in millions)

	2007 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Taxes	$ 7,974	54.4%	$ 261	3.4%
Licenses, permits and fees	290	2.0%	(7)	(2.4%)
Interest and investment revenue	638	4.4%	255	66.6%
Federal grants	5,007	34.2%	237	5.0%
Sales and services	185	1.3%	2	1.1%
Other revenues	367	2.5%	(67)	(15.4%)
Other financing sources:				
Operating transfers	80	0.5%	30	60.0%
Bond and note proceeds	107	0.7%	(570)	(84.2%)
Other	10	0.1%	(3)	(23.1%)
Total revenues and other financing sources	$ 14,658	100.00%	$ 138	

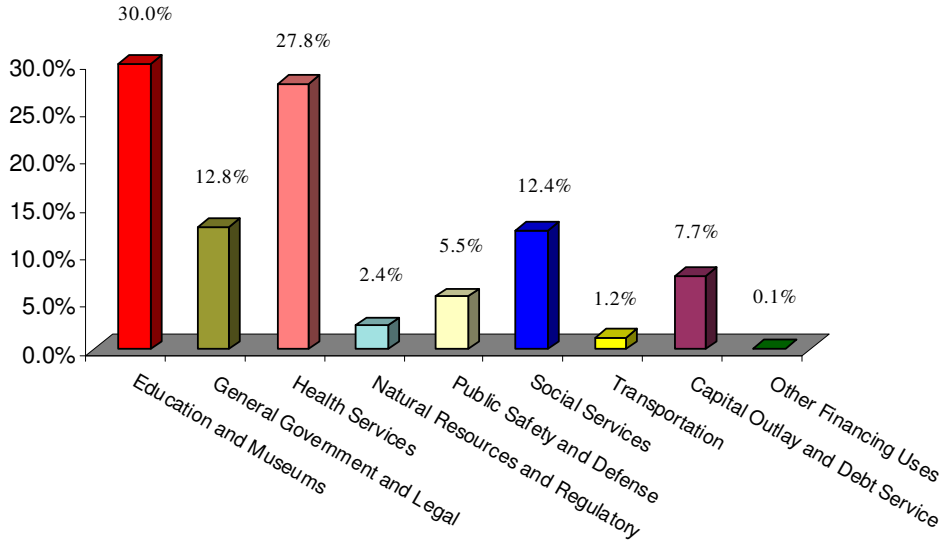
Governmental Funds: Expenditures and Other Financing Uses - GAAP Basis
(expressed in millions)

	2007 Amount	Percentage of Total	Increase (Decrease) from Prior Year	Percentage Increase (Decrease)
Education	$ 4,218	29.8%	$ 455	12.1%
General government	1,604	11.3%	(3)	(0.2%)
Health services	3,937	27.8%	490	14.2%
Legal and judiciary	207	1.5%	16	8.4%
Museums	17	0.1%	(13)	(43.3%)
Natural resources	238	1.7%	6	2.6%
Public safety and defense	774	5.5%	100	14.8%
Regulatory services	108	0.8%	(7)	(6.1%)
Social services	1,759	12.4%	62	3.7%
Transportation	174	1.2%	(51)	(22.7%)
Capital outlay	918	6.5%	150	19.5%
Debt service	173	1.2%	6	3.6%
Other Financing Uses:				
Operating transfers	11	0.1%	1	10.0%
Bond discount	0	0.0%	1	(100.0%)
Total expenditures and other financing uses	$ 14,138	100.0%	$ 1,213	9.4%
Governmental Funds -				
Net increase in fund balance	$ 520			

Governmental Fund Revenues and Other Financing Sources (GAAP Basis) – Fiscal Year 2007



Governmental Funds Expenditures and Other Financing Uses (GAAP Basis) – Fiscal Year 2007



Revenue Collections and Estimates

As noted in a preceding subsection, the budget is prepared using cash available plus 95% of the itemized revenue estimate as approved by the State Board of Equalization. It should be noted that taxes deposited into the budgetary General Revenue Fund (GRF), as defined by Oklahoma law, are approximately 75% of the total tax revenues of the governmental funds, as defined by generally accepted accounting principles. However, the budgetary GRF should not be confused with

the General Fund as presented in the accompanying GAAP-basis financial statements, as the two terms are not interchangeable. For example, the GAAP-basis General Fund includes revenues deposited to the State Transportation Fund, federal grant proceeds, revolving fund revenues, fees and charges as well as other money used in the general operations of government which are not considered in the Board of Equalization's estimates of tax revenues.

Receipts from all of the four major taxes (income tax, sales tax, gross production tax and motor vehicle tax) exceeded revenues of the prior year, producing a combined total of $5.9 billion, or 88% of total GRF receipts. The total of major taxes collected increased $140 million or 2.7% from that of the prior year. As compared to fiscal year 2006, collections from income taxes increased by $128 million, or 4.8%; sales taxes increased by $76 million, or 5.3%; motor vehicle taxes increased by $25.7 million, or 11.0% and gross production taxes on gas decreased by $103 million, or 16%.

Oklahoma has established an enviable record in recent years in its revenue forecasting results. Since enactment of a constitutional amendment in 1985 establishing new revenue estimating procedures, collections have exceeded the estimate in thirteen years and dipped below the estimate nine years. The comparison of estimated revenues to actual collections for fiscal year 2007 is as follows:

Revenue Collections Compared to Itemized Estimate for Fiscal 2007
(expressed in millions)

	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
Individual and Corporate Income tax	$ 2,553.7	$ 2,772.8	$ 219.1	108.6%
Sales tax	1,489.2	1,531.2	42.0	102.8%
Motor vehicle tax	221.2	259.3	38.1	117.2%
Gross production tax	762.3	639.5	(122.8)	83.9%
Subtotal Major Taxes	5,026.4	5,202.8	176.4	103.5%
Other sources	681.1	762.9	81.8	112.0%
Total	$ 5,707.5	$ 5,965.7	$ 258.2	104.5%

The fifteen-year comparative history of estimated to actual collections is shown in the following table.

Budgetary General Revenue Fund Comparisons
(expressed in millions)

Fiscal Year	Itemized Estimate	Actual Collections	Over (Under) Estimate	Percentage Collected
1993	3,365	3,259	(106)	96.8%
1994	3,399	3,342	(57)	98.3%
1995	3,515	3,513	(3)	99.9%
1996	3,614	3,705	91	102.5%
1997	3,531	3,778	247	107.0%
1998	3,866	4,009	143	103.7%
1999	4,186	4,148	(38)	99.1%
2000	4,271	4,354	83	101.9%
2001	4,456	4,693	237	105.3%
2002	4,829	4,413	(415)	91.4%
2003	4,725	4,186	(539)	88.6%
2004	4,396	4,613	217	104.9%
2005	4,545	4,957	412	109.1%
2006	5,149	5,715	566	111.0%
2007	5,708	5,966	258	104.5%
Fifteen-Year Average	$ 4,237.0	$ 4,310.1	$ 73.1	101.7%

The status of three important fund balances affecting the new year's fiscal picture is explained:

Cash-Flow Reserve Fund – Each year, 10% of the General Revenue Fund's certified appropriation level is set aside to meet anticipated monthly cash flow needs for the new fiscal year. At the close of fiscal year 2007 the amount the State set aside was $555.3 million.

General Revenue Fund - The fiscal year 2007 cash carryover available to the next Legislature was $195.9 million, compared to $133.1 million in fiscal year 2006. The carryover funds reflect the difference between the 95% appropriation limit and actual receipts up to 100% of the estimate. Funds required to replenish or increase the cash-flow reserve fund also come from this source.

Constitutional Reserve "Rainy Day Fund" - At the start of each fiscal year, collections that exceed the estimate for the preceding year are automatically deposited in the Rainy Day Fund until the total balance equals 10% of the prior year's certified collections for the General Revenue Fund. For the fiscal year beginning July 1, 2007, this fund had a balance of $571.6 million.

FOR THE FUTURE

The State of Oklahoma continues to maintain positive economic growth. In an effort to fully realize this potential growth and make the State a better place for all Oklahomans, state government has focused on certain key issues. Three areas have been identified as critical for a bright strong future: education, health care, and economic development.

The Governor will continue to promote policies in these three key areas to improve the lives of all Oklahomans. These efforts will remain focused in the three areas that are critical for moving the state forward. We will continue to make investments in a high quality educational system where all students can succeed, making first-rate health care available and affordable for all Oklahomans and encouraging investors to put their money to work in Oklahoma creating more jobs and higher incomes.

CERTIFICATE OF ACHIEVEMENT

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Oklahoma for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2006. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of a state and local government financial report.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Since 1996, the State of Oklahoma has received the Certificate of Achievement. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

The Office of State Finance is pleased to recognize and commend the efforts of the numerous individuals across the State who made this Comprehensive Annual Financial Report possible. Questions or requests for additional information related to this report can be directed to our office at (405) 521-2141.

Respectfully submitted,

Tony Hutchison
Director of State Finance

Brenda Bolander
State Comptroller

Certificate of Achievement for Excellence in Financial Reporting

Presented to

State of Oklahoma

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

Charles S. Cox

President

Jeffrey L. Esser

Executive Director

SELECTED OKLAHOMA STATE OFFICIALS

June 30, 2007

LEGISLATIVE BRANCH

Senate
Mike Morgan, President Pro Tempore
Glenn Coffee, Co-President Pro Tempore

House of Representatives
Lance Cargill
Speaker of the House

EXECUTIVE BRANCH

Governor
Brad Henry

Lieutenant Governor
Jari Askins

* Secretary of State
M. Susan Savage

State Auditor and Inspector
Jeff A. McMahan

Attorney General
Drew Edmondson

State Treasurer
Scott Meacham

Superintendent of Public Instruction
Sandy Garrett

Commissioner of Labor
Lloyd Fields

Commissioner of Insurance
Kim Holland

Commissioners of the Corporation Commission
Bob Anthony
Jim Roth
Jeff Cloud

JUDICIAL BRANCH

* State Supreme Court
James R. Winchester, Chief Justice

* Court of Criminal Appeals
Gary Lumpkin, Presiding Judge

*Appointed Position

CABINET DEPARTMENT SECRETARIES

Agriculture
Commerce & Tourism
Education
Energy
Environment
Finance & Revenue
Health
Human Resources & Administration
Human Services
Military Affairs
Safety & Security
Secretary of State
Science & Tech. Development
Transportation
Veterans Affairs

The Cabinet Secretaries are appointed by the Governor with the approval of the Senate. Many of the secretaries are also heads of the Executive Branch agencies. State agencies are assigned to a cabinet department by the Governor. The specific agency assignments to each cabinet are shown on the next page.

305 Office of the Governor
440 Office of the Lieutenant Governor

Agriculture
40 Agriculture, Department of
39 Boll Weevil Eradication Org.
645 Conservation Commission
615 Foresters, Board of Registered
535 Peanut Commission
875 Wheat Commission

Commerce and Tourism
981 Capital Investment Board
007 Centennial Commission
160 Commerce, Department of
900 Development Finance Authority
290 Employment Security Commission
350 Historical Society
922 Housing Finance Authority
370 Industrial Finance Authority
204 J.M. Davis Memorial Commission
405 Labor, Department of *
981 Municipal Power Authority
361 Native American Cultural/Ed. Auth
568 Scenic Rivers Comm.
566 Tourism & Recreation, Dept. of
880 Will Rogers Memorial Commission

Education
44 Anatomical Board
55 Arts Council
800 Career & Technology Education
266 Educational TV Authority
265 Education, Department of *
430 Library Department
563 Private Vocational School, Board of
629 School of Science & Mathematics
269 Teacher Preparation, Comm. for

Colleges and Universities:
100 Cameron University
108 Carl Albert State College
165 Connors State College
230 East Central University
240 Eastern Oklahoma State College
420 Langston University
470 Murray State College
480 Northeastern Okla. A & M College
485 Northeastern State University
490 Northern Oklahoma College
505 Northwestern Oklahoma State Univ.
530 Oklahoma Panhandle State Univ.
10 Oklahoma State University
761 Oklahoma University Law Center
633 Oklahoma City Community College
770 Okla. University Health Science Ctr.
773 OSU -College of Osteopathic Medicine
14 OSU -College of Veterinary Medicine
11 OSU -Experiment Station
12 OSU -Extension Division
13 OSU -School of Tech. Training
15 OSU -Technical Institute of OKC
16 OSU -Tulsa
771 OU Health Sci. Ctr. Prof. Prac. Plan
620 Qtz Mtn. Arts/Conf. Cntr/Nat. Pk.
241 Redlands Community College
600 Regents for A&M Colleges
605 Regents for Higher Education
610 Regents for Oklahoma Colleges
461 Rogers State University
531 Rose State College
623 Seminole State College
660 Southeastern Oklahoma State Univ.
665 Southwestern Oklahoma State Univ.
618 Student Loan Authority
750 Tulsa Community College
120 University of Central Oklahoma
760 University of Oklahoma
150 Univ. of Science and Arts of Okla.
41 Western Oklahoma State College

Energy
185 Corporation Commission *
359 Energy Resources Board
980 Grand River Dam Authority
307 Interstate Oil Comp. Com.
445 LPG Board
444 LPG Research, Marketing and Safety
446 Marg. Prod. O&G Wells, Comm. on
125 Mines, Department of

Environment
292 Dept. of Environmental Quality
920 Environmental Finance Authority
835 Water Resources Board
320 Wildlife Conservation, Dept. of

Finance and Revenue
300 Auditor & Inspector *
65 Banking Department
582 Bond Advisor
91 Building Bonds Commission
105 Capitol Improvement Authority
390 CompSource Oklahoma
635 Consumer Credit, Comm. for
90 Finance, Office of State
315 Firefighters Pension & Retirement
385 Insurance Department *
410 Land Office, Commissioners of the
416 Law Enforcement Retirement
435 Lottery Commission
557 Police Pension & Retirement System
515 Public Employees' Retirement System
630 Securities Commission
695 Tax Commission
715 Teachers' Retirement System
740 Treasurer *

Health
448 Alcohol and Drug Coun., Bd. of Lic.
783 Community Hospitals Authority
170 Construction Industries Bd.
807 Health Care Authority
340 Health, Department of
452 Mental Health and Sub. Abuse Svc.
509 Nursing Homes, Board of Exam. for
092 Tobacco Settle. End. Trust Bd. of Dir.

Human Resources and Admin.
20 Accountancy Board
45 Architects, Board of Gov.of Licensed
580 Central Services, Dept. of
145 Chiropractic Examiners Board
190 Cosmetology Board
215 Dentistry, Board of
815 Employees Benefits Council
285 Funeral Board
353 Horse Racing Commission
355 Human Rights Commission
450 Medical Licensure & Supv., Bd. of
298 Merit Protection Commission
475 Motor Vehicle Commission
510 Nursing Board
520 Optometry Board
525 Osteopathic Examiners Board
343 Perfusionists, State Bd. of Examiners
548 Personnel Management
560 Pharmacy Board
140 Podiatric Medical Examiners, Bd. of
570 Prof. Engin. & Land Surveyors Bd.
575 Psychologists, Bd. of Examiners
588 Real Estate Commission
622 Social Workers Board, Bd. of Lic.
632 Speech-Lang. Pathology & Aud. Bd.
516 State and Ed. Empl. Group Ins. Bd.
755 Used Motor Vehicle & Parts
790 Veterinary Medical Examiners Board

Human Services
127 Children & Youth, Commission
326 Handicapped Concerns, Office of
830 Human Services, Department of
360 Indian Affairs Commission
670 J.D. McCarty Center
400 Juvenile Affairs, Office of
619 Physicians Manpower Trng. Comm.
805 Rehabilitative Services
825 University Hospitals Authority

Military Affairs
25 Military Department

Safety and Security
30 ABLE Commission
49 Attorney General *
772 Chem. Tests for Alc/Drug Infl., Bd. of
309 Civil Emergency Mgmt, Dept. of
131 Corrections Department
220 District Attorney's Council
310 Fire Marshal, State
47 Indigent Defense System
308 Investigation, Bureau of
415 Law Enf. Educ. & Trng., Council on
342 Medicolegal Investigations, Bd. of
477 Narcotics & Dang. Drugs, Bureau of
306 Pardon and Parole Board
585 Public Safety, Department of

Science and Technology Dev.
628 Center f/t Adv. of Sci. & Technology

Secretary of State
270 Election Board
296 Ethics Commission
678 Judicial Complaints, Council on
625 Secretary of State

Transportation
978 Okla. Transportation Authority
346 Space Industry Development Auth.
345 Transportation, Department of
060 Aeronautics Commission

Veterans Affairs
650 Veterans Affairs, Department of

* Agency is headed by a statewide elected official or their controlling board is made up of elected officials. They are assigned to a cabinet department for purposes of coordinating services and programs only.

Oklahoma Centennial Hot Air Balloon

The Centennial Hot Air Balloon flew at many events throughout 2007, including the Gateway Balloon Festival. The balloon was one of many projects that paid homage to Oklahoma's contributions to aviation.

FINANCIAL SECTION

FINANCIAL SECTION

STATE OF OKLAHOMA
OFFICE OF THE AUDITOR AND INSPECTOR

JEFF A. McMAHAN
State Auditor and Inspector

INDEPENDENT AUDITOR'S REPORT

**TO THE GOVERNOR AND MEMBERS
OF THE LEGISLATURE OF THE STATE OF OKLAHOMA**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Oklahoma as of and for the year ended June 30, 2007, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Oklahoma's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit:

- the financial statements of the Commissioners of the Land Office, the Oklahoma Department of Commerce, the Native American Cultural and Educational Authority, the Oklahoma Insurance Department, or the Oklahoma Department of Wildlife Conservation, which in the aggregate represent ten percent and four percent, respectively, of the assets and revenues of the governmental activities, and two percent of both the assets and revenues of the general fund.
- the financial statements of the Water Resources Board or the Oklahoma Lottery Commission which in the aggregate represent fifty-six percent of the assets and fifty percent of the revenues of the business-type activities and the enterprise funds;
- the financial statements of the aggregate discretely presented component units;
- the financial statements of the Commissioners of the Land Office permanent fund, the Oklahoma Department of Wildlife Conservation Lifetime Licenses permanent fund, or the Tobacco Settlement Endowment permanent fund, which in the aggregate represent one hundred percent of the permanent funds;
- the financial statements of the Oklahoma Firefighter's Pension and Retirement System, the Oklahoma Law Enforcement Retirement System, the Oklahoma Police Pension and Retirement System, the Oklahoma Public Employee's Retirement System, the Oklahoma Teachers' Retirement System, the Uniform Retirement System for Judges and Justices, the Oklahoma Department of Wildlife Conservation Retirement Plan, or the Oklahoma State and Education Employees Group Insurance Board which in the aggregate represent ninety-nine percent of the assets and one hundred percent of the revenues of the aggregate remaining fund information.

Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the above-mentioned entities, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the

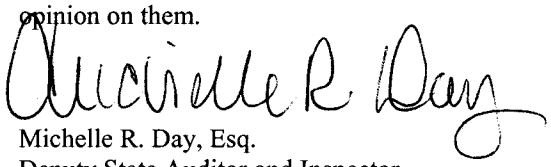
State of Oklahoma as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in the notes to the financial statements, the Teachers' Retirement System faces possible difficulty in meeting its future obligations. The auditor for the Teachers' Retirement System reported, "the System's actuary has determined that the System's unfunded actuarial accrued liability ("UAAL") is approximately $7,603,000,000. The funding of the actuarial accrued liabilities is predicated on a funding schedule mandated by Oklahoma Statutes. Under the present funding schedule, the UAAL will be fully amortized in 21.6 years." The ultimate outcome of the ability of the System to meet its future obligations is dependent on funding established by Oklahoma Statutes, and cannot presently be determined.

In accordance with *Government Auditing Standards*, we will issue our report dated January 29, 2008, on our consideration of the State of Oklahoma's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit. That report is issued under separate cover in the State of Oklahoma Single Audit Report.

The Management's Discussion and Analysis, Budgetary Comparison Schedule-Budget to Actual (Non-GAAP Budgetary Basis) General Fund , and the Notes to Required Supplementary Information-Budgetary Reporting, as listed in the table of contents, and the Schedules of Funding Progress for the Wildlife Conservation Plan, Oklahoma Law Enforcement Retirement System, and the Uniform Retirement System for Judges and Justices presented in Note 14 to the basic financial statements are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State's basic financial statements. The introductory section, statistical section and combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the reports of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and the statistical section listed in the aforementioned table of contents have not been audited by us, and accordingly, we do not express an opinion on them.



Michelle R. Day, Esq.
Deputy State Auditor and Inspector

January 29, 2008

EPCOT's 2007 Food and Wine Festival

In October 2007, Oklahoma became the first state to be showcased at EPCOT Center's Annual Food and Wine Festival, located at Walt Disney World in Orlando, Florida. Over a million people visited the Oklahoma Pavilion during the month long festival. The pavilion featured Oklahoma's American Indian heritage, cowboy heritage and Oklahoma's famous stretch of Route 66. Oklahoma performers held shows several times daily and Oklahoma chefs gave cooking demonstrations of Oklahoma cuisine.

Management's Discussion and Analysis

Management's Discussion And Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management of the State of Oklahoma provides this *Management's Discussion and Analysis* of the State of Oklahoma's Comprehensive Annual Financial Report (CAFR) for readers of the State's financial statements. This narrative overview and analysis of the financial activities of the State of Oklahoma is for the fiscal year ended June 30, 2007. We encourage readers to consider this information in conjunction with the additional information that is furnished in the letter of transmittal, which can be found preceding this narrative, and with the State's financial statements which follow.

FINANCIAL HIGHLIGHTS - PRIMARY GOVERNMENT

Government-Wide Highlights:

Net Assets - The assets of the State exceeded its liabilities at fiscal year ending June 30, 2007 by $13.4 billion (presented as "net assets"). Of this amount, $3.4 billion was reported as "unrestricted net assets". Unrestricted net assets represent the amount available to be used to meet the State's ongoing obligations to citizens and creditors.

Changes in Net Assets - The State's total net assets increased by $1.1 billion (an 8.6% increase) in fiscal year 2007, less than the 12% increase from the previous fiscal year. Net assets of governmental activities increased by $904 million (an 8.0% increase), while net assets of the business-type activities showed an increase of $153 million (a 14.4% increase).

Fund Highlights:

Governmental Funds - Fund Balances - As of the close of fiscal year 2007, the State's governmental funds reported a combined ending fund balance of $6.2 billion, an increase of $496 million in comparison with the prior year. Of this total amount, $3.45 billion represents the "unreserved fund balances", all being in the general fund. Of this $3.45 billion, $555 million (increased $13 million) is in the Cash Flow Reserve Fund and $571 million (increased $76 million) is in the Rainy Day Fund leaving $2.3 billion (decreased $13.7 million) as undesignated for the general fund. This $2.3 billion is roughly 16.5% of the total governmental funds expenditures for the year. This ratio decreased 1.5% from a year ago.

Long-term Debt:

The State's total long-term debt obligations showed a net increase of $67.5 million (3.76%) in the governmental type activities and a net decrease of $75 million (11.4%) in the business type activities long-term debt during the current fiscal year. The key factor causing the governmental type increase was the issuance of $96 million in new ODOT revenue bonds. The decrease in the business type activities was primarily due to the annual debt service requirements by the Oklahoma Water Resources Board.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the State of Oklahoma's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains additional required supplementary information (budgetary schedules) and other supplementary information (combining financial statements) in addition to the basic financial statements themselves. These components are described below:

Basic Financial Statements

The basic financial statements include two kinds of financial statements that present different views of the State – the ***Government-Wide Financial Statements*** and the ***Fund Financial Statements and Combining Major Component Unit Financial Statements***. These financial statements also include the ***Notes to the Financial Statements*** that explain some of the information in the financial statements and provide more detail.

Government-Wide Financial Statements

The *government-wide financial statements* provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These are prepared using the flow of economic resources measurement focus and the accrual basis of accounting. This basically means they follow methods that are similar to those used by most businesses. They take into account all revenues and expenses connected with the fiscal year even if cash involved has not been received or paid. The government-wide financial statements include two statements:

The *statement of net assets* presents all of the government's assets and liabilities, with the difference between the two reported as "net assets". Over time, increases or decreases in the state's net assets may serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods (such as uncollected taxes and earned but unused vacation leave). This statement also presents a comparison between direct expenses and program revenues for each function of the State.

Both of the above financial statements have separate sections for three different types of state programs or activities. These three types of activities are:

Governmental Activities – The activities in this section are mostly supported by taxes and intergovernmental revenues (federal grants). Most services normally associated with State government fall into this category, including education (support for both common public schools and higher education), general government, health services, legal and judiciary services, museums, natural resources, public safety and defense, regulatory services, social services, and transportation.

Business-Type Activities – These functions normally are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. These business-type activities of the State include the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), and the Oklahoma Lottery Commission. These three programs operate with minimal assistance from the governmental activities of the state.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. For the most part, these entities operate similar to private-sector businesses and the business-type activities described above. The State's discretely presented component units are presented in two categories, major and nonmajor. This separation is determined by the relative size of the entities' assets, liabilities, revenues and expenses in relation to the total of all component units.

The State's seven discretely presented major component units are:

CompSource Oklahoma
Oklahoma Student Loan Authority

Oklahoma Housing Finance Agency
Oklahoma Turnpike Authority
Grand River Dam Authority
Oklahoma Municipal Power
Higher Education Component Unit

The State's nine other (or nonmajor) component units are combined into a single column for reporting in the fund financial statements. These nonmajor component units are:

Oklahoma Educational Television Authority
Oklahoma Industrial Finance Authority
Health Insurance High Risk Pool
Multiple Injury Trust Fund
University Hospitals Authority
Oklahoma Development Finance Authority
Oklahoma Capital Investment Board
Oklahoma State University Medical Authority
Oklahoma Centennial Commemoration Fund

Complete financial statements of the individual component units can be obtained from their respective administrative offices. Addresses and other additional information about the State's component units are presented in the notes to the financial statements.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements and Major Component Unit Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements focus on individual parts of the State government, reporting the State's operations in more detail than the government-wide statements. All of the funds of the State can be divided into three categories. It is important to note that these fund categories use different accounting approaches and should be interpreted differently. The three categories of funds are:

Governmental Funds Financial Statements – Most of the basic services provided by the State are financed through governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on near-term inflows and outflows of spendable resources. They also focus on the balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the government's near-term financing requirements. This approach is known as using the flow of current financial resources measurement focus and the modified accrual basis of accounting. These statements provide a detailed short-term view of the State's finances that assists in determining whether there will be adequate financial resources available to meet the current needs of the State.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

The State has four governmental funds. All four governmental funds are considered major funds for financial reporting purposes. These four major funds are – the General Fund, the Commissioners of the Land Office Permanent Fund, the Department of Wildlife Conservation Permanent Fund, and the Tobacco Settlement Endowment Permanent Fund. Each major fund is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The basic governmental funds financial statements can be found immediately following the government-wide statements.

Proprietary Funds Financial Statements – These funds are used to show activities that operate more like those of commercial enterprises. Because these funds charge fees for services provided to outside customers including local governments, they are known as enterprise funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. Like the government-wide financial statements, proprietary fund financial statements use the accrual basis of accounting. There is no reconciliation needed between the government-wide financial statements for business-type activities and the proprietary fund financial statements.

The State has three enterprise funds, with all three being considered major proprietary funds for presentation purposes. As previously mentioned, they are the operations of the Oklahoma Unemployment Insurance Trust Fund (by the Oklahoma Employment Security Commission), the State's program for making loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems (by the Oklahoma Water Resources Board), and the Oklahoma Lottery Commission.

The basic proprietary funds financial statements can be found immediately following the governmental fund financial statements.

Fiduciary Funds and Similar Component Units Financial Statements – These funds are used to account for resources held for the benefit of parties outside the state government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the State's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. They use the accrual basis of accounting.

The State's fiduciary funds are the Pension Trust Funds (seven separate retirement plans for employees), and the Agency Funds (which account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals). Individual fund detail can be found in the combining financial statements described below.

The basic fiduciary funds and similar component units' financial statements can be found immediately following the proprietary fund financial statements.

Component Units Financial Statements – As mentioned above, these are operations for which the State has financial accountability but they have certain independent qualities as well, and they operate similar to private-sector businesses. The government-wide financial statements present information for the component units in a single column of the statement of net assets. Also, some information on the statement of changes in net assets is aggregated for component units. The combining statement of net assets and combining statement of changes in net assets provide detail for each major component unit and the nonmajor component units in aggregate. Individual nonmajor component unit detail can be found in the combining financial statements described below.

The basic combining financial statements for major component units can be found immediately following the fiduciary fund and similar component unit's financial statements.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes a reconciliation between the statutory fund balance for budgetary purposes and the fund balance for the General Fund as presented in the governmental fund financial statements.

Other Supplementary Information

Combining Financial Statements

The combining financial statements referred to earlier in connection with fiduciary funds and nonmajor component units are presented following the required supplementary information. The total columns of these combining financial statements carry to the applicable fund financial statement.

Budgetary Detail

The Schedule of Expenditures and Intra-Agency Transfers – Detail Budget to Actual Comparison is presented in this section. It provides detail comparisons of expenditures and intra-agency transfers at the legal level of control. Comparisons can be made between the original budget, final budget, and actual.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Assets

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The State's combined net assets (government and business-type activities) totaled $13.4 billion at the end of 2007, compared to $12.4 billion at the end of the previous year.

The largest portion of the State's net assets (50%) reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (road, bridges, and other immovable assets), less any related debt used to acquire those assets that is still outstanding. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

State of Oklahoma's Net Assets-Primary Government
(expressed in thousands)

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Current Assets	$ 8,179,366	$ 6,404,165	$ 947,276	$ 932,841	$ 9,126,642	$ 7,337,006
Capital Assets	7,657,536	7,258,687	1,028	608	7,658,564	7,259,295
Other Assets	2,639,129	2,385,790	915,856	854,703	3,554,985	3,240,493
Total Assets	18,476,031	16,048,642	1,864,160	1,788,152	20,340,191	17,836,794
Noncurrent Liabilities	1,640,521	1,613,888	551,121	525,967	2,191,642	2,139,855
Other Liabilities	4,681,270	3,145,232	97,317	199,219	4,778,587	3,344,451
Total Liabilities	6,321,791	4,759,120	648,438	725,186	6,970,229	5,484,306
Invested in Capital Assets, Net of Related Debt	6,633,078	6,246,160	1,028	608	6,634,106	6,246,768
Restricted	2,172,697	1,887,136	1,207,733	1,062,156	3,380,430	2,949,292
Unrestricted	3,348,465	3,156,226	6,961	202	3,355,426	3,156,428
Total Net Assets	$12,154,240	$11,289,522	$1,215,722	$ 1,062,966	$13,369,962	$12,352,488

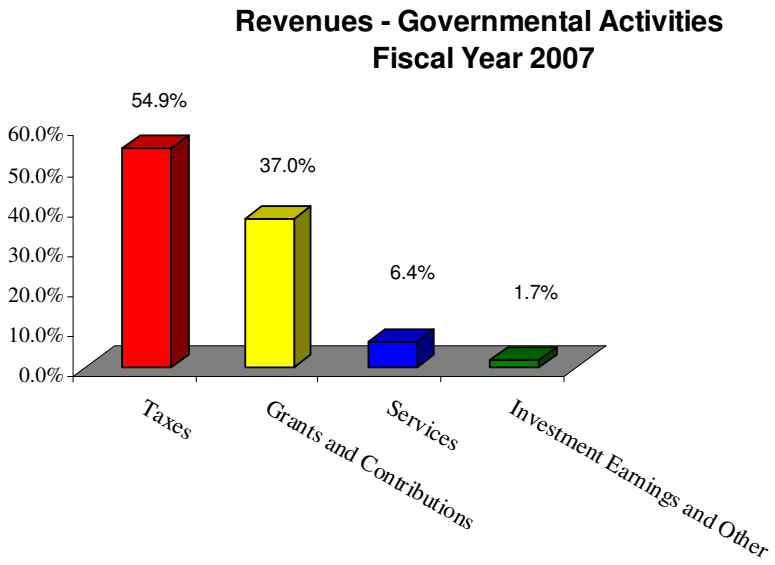
A portion of the State's net assets (25%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors. Internally imposed designations of resources are not presented as restricted net assets.

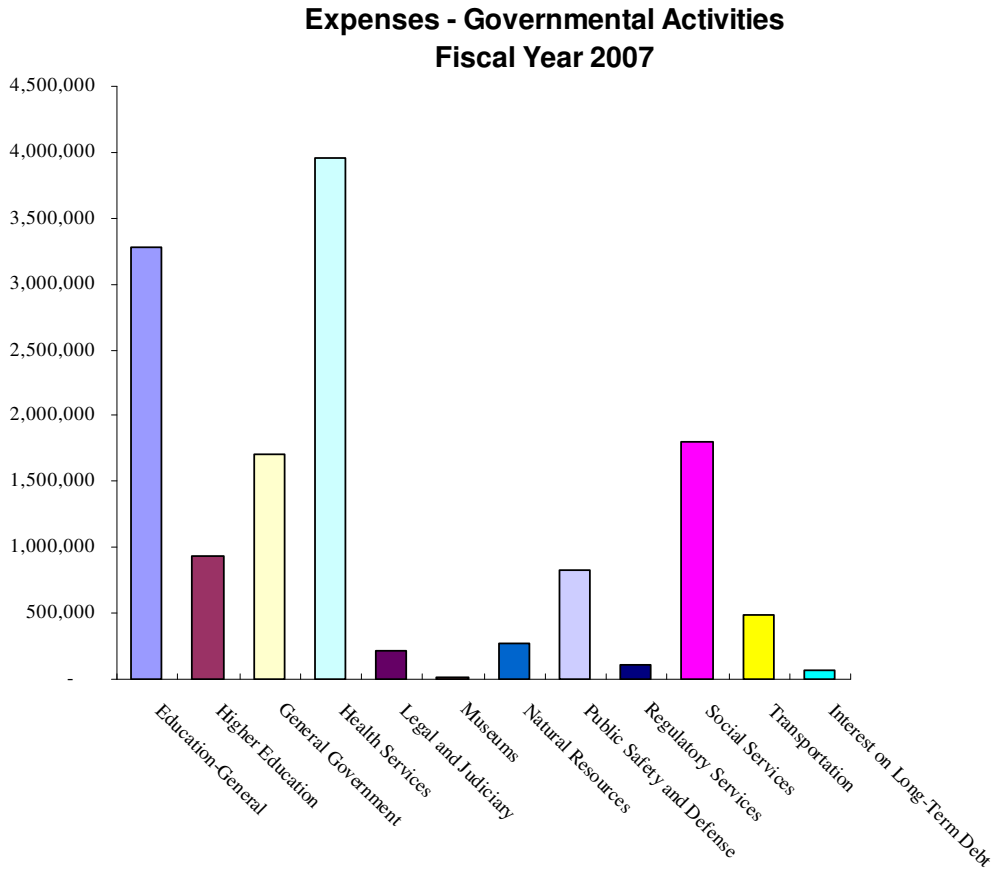
At the end of the current fiscal year, the State is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Changes in Net Assets

The State's net assets increased by $1.1 billion or 8.6%. Approximately 55 percent of the State's total revenue came from taxes, while 37 percent resulted from grants and contributions (including federal aid). Charges for various goods and services provided 6.4 percent of the total revenues. The State's expenses cover a range of services. The largest expenses were for general education, social services, and health services. In 2007, governmental activity expenses exceeded program revenues, resulting in the use of $7.4 billion in general revenues (mostly taxes). The business-type activities' program revenues exceeded their expenses for 2007 by $223 million.

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Revenues:						
Program Revenues:						
Charges for Services	$ 927,669	$ 937,480	$ 539,228	$ 551,965	$ 1,466,897	$ 1,489,445
Operating Grants and Contributions	5,370,772	4,928,318	34,457	24,432	5,405,229	4,952,750
General Revenues:						
Income Taxes-Individual	2,654,294	2,693,548			2,654,294	2,693,548
Income Taxes-Corporate	772,668	426,725			772,668	426,725
Sales Taxes	1,968,931	1,843,803			1,968,931	1,843,803
Gross Production Taxes	822,888	1,036,888			822,888	1,036,888
Motor Vehicle Taxes	609,669	584,294			609,669	584,294
Fuel Taxes	401,992	414,677			401,992	414,677
Other Taxes	744,285	712,881			744,285	712,881
Investment Earnings	192,733	114,884			192,733	114,884
Other	50,828	49,070			50,828	49,070
Total Revenues	14,516,729	13,742,568	573,685	576,397	15,090,414	14,318,965
Expenses:						
Education-General	3,285,059	2,942,969			3,285,059	2,942,969
Education-Payments to Higher Education	936,404	823,489			936,404	823,489
General Government	1,712,841	1,529,506			1,712,841	1,529,506
Health Services	3,954,939	3,471,042			3,954,939	3,471,042
Legal and Judiciary	213,955	197,324			213,955	197,324
Museums	17,834	33,840			17,834	33,840
Natural Resources	271,734	242,466			271,734	242,466
Public Safety and Defense	829,663	728,331			829,663	728,331
Regulatory Services	110,218	116,516			110,218	116,516
Social Services	1,797,721	1,727,808			1,797,721	1,727,808
Transportation	482,831	654,147			482,831	654,147
Interest on Long-Term Debt	69,769	68,383			69,769	68,383
Unemployment Insurance Trust Fund	-	-	177,914	164,954	177,914	164,954
State Loan Program to Local Governments	-	-	28,015	29,829	28,015	29,829
Lottery Commission	-	-	145,028	164,862	145,028	164,862
Total Expenses	13,682,968	12,535,821	350,957	359,645	14,033,925	12,895,466
Increase (Decrease) in Net Assets Before Transfers	833,761	1,206,747	222,728	216,752	1,056,489	1,423,499
Special Item - Taxpayer Refund	-	(91,869)	-	-	-	(91,869)
Transfers	69,972	40,325	(69,972)	(40,325)	-	-
Change in Net Assets	903,733	1,155,203	152,756	176,427	1,056,489	1,331,630
Net Assets, Beginning of Year (as restated)	11,250,507	10,134,319	1,062,966	886,539	12,313,473	11,020,858
Net Assets, End of Year	$ 12,154,240	$ 11,289,522	$ 1,215,722	$ 1,062,966	$ 13,369,962	$ 12,352,488



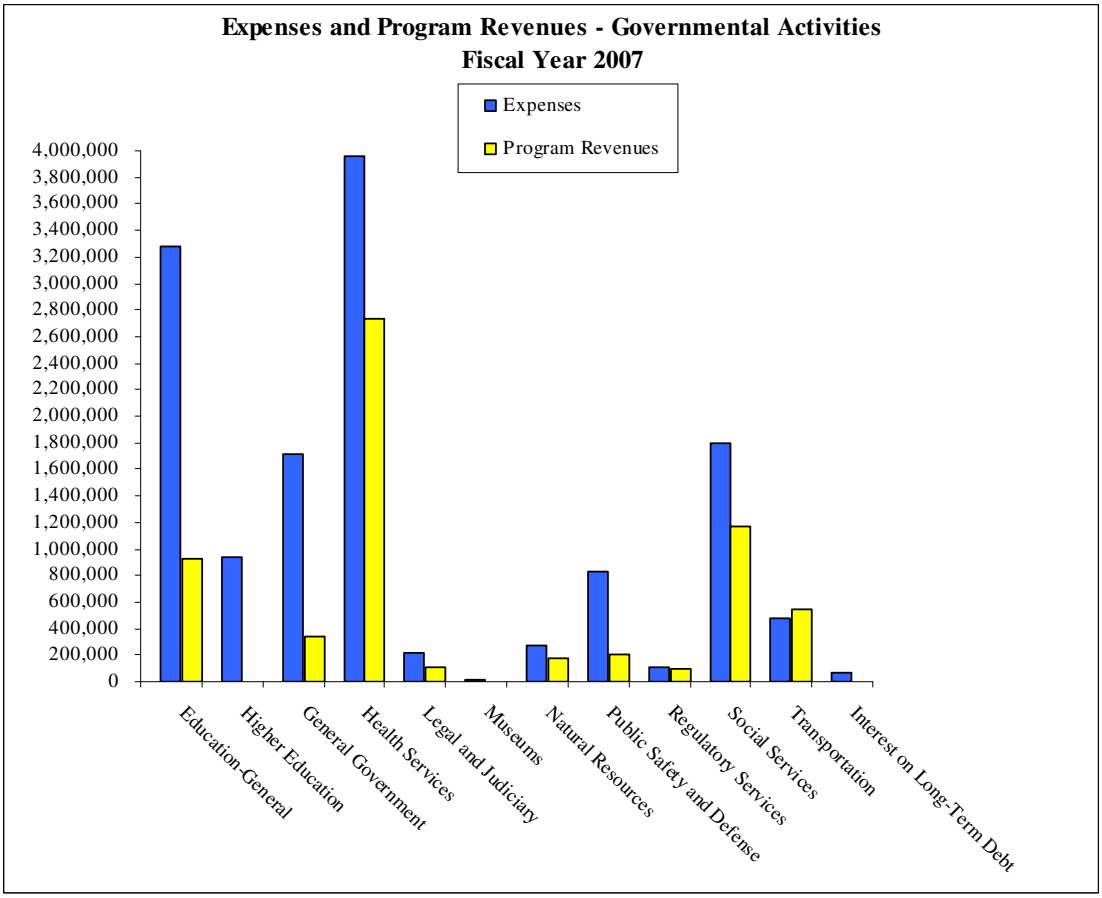


Governmental Activities

Governmental activities increased the State's net assets by $904 million. Tax revenues were up in most major types. Total revenues were up by $774 million, or 5.6% in 2007. Most of this increase came from corporate income taxes and sales taxes. The State showed a $214 million decrease in gross production taxes during 2007.

A comparison of the cost of services by function for the State's governmental activities is shown below, along with the revenues used to cover the net expenses of the governmental activities (expressed in thousands).

	Governmental Activities
Expenses Net of Program Revenues:	
Education-General	$ (2,363,527)
Education-Payment to Higher Education	(936,404)
General Government	(1,377,573)
Health Services	(1,224,630)
Legal and Judiciary	(106,831)
Museums	(12,114)
Natural Resources	(90,076)
Public Safety and Defense	(625,153)
Regulatory Services	(14,773)
Social Services	(626,760)
Transportation	63,083
Interest on Long-Term Debt	(69,769)
Total Governmental Activities Expenses	(7,384,527)
General Revenues:	
Taxes	7,974,727
Investment Earnings	192,733
Contributions to Permanent Funds	48,839
Gain on Sale of Assets	1,989
Transfers	69,972
Increase in Governmental Activities Net Assets	$ 903,733



Business-Type Activities

The business-type activities increased the State's net assets in business-type activities by $153 million, a 14.4% increase, to $1.2 billion. This increase is less than last year's 19.9% increase from 2005. The increase primarily resulted from a $107 million increase in net assets by the Oklahoma Unemployment Insurance Trust Fund (OUITF) and a $38.8 million net asset increase by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units. Unemployment benefit payments increased over last year $13 million or 7.9%. In addition, the Oklahoma Lottery Commission had an increase in net assets of $7.2 million.

FINANCIAL ANALYSIS OF THE STATE'S INDIVIDUAL FUNDS

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $6.2 billion, an increase of $520 million from the prior year. More than one half ($3.4 billion or 56%) of this total amount constitutes unreserved fund balance, which is available for spending in the coming year. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior fiscal year ($439 million), 2) to pay debt service ($145 million), 3) to be held in permanent trust funds for education, wildlife and prevention of tobacco related health issues ($1.9 billion) or 4) for a variety of other restricted purposes ($147 million).

The general fund is the chief operating fund of the State. At the end of the current fiscal year, unreserved fund balance of the general fund was $3.4 billion, while the total fund balance increased $235 million to $4.2 billion. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 24.6% of total general fund expenditures (down from 26% a year ago), while total fund balance represents 30% of that same amount (down from 31%).

Overall the fund balance of the State's general fund increased by $235 million during the current fiscal year. This is a 5.9% increase from the prior year.

The Commissioners of the Land Office manage land and cash set aside by the Federal Government for the use and benefit of public education in Oklahoma to generate maximum earnings for Trust beneficiaries. The Trust beneficiaries are common education and thirteen Oklahoma colleges and universities. This year total program revenues were $272 million compared to $171 million of the prior year. Distributions to beneficiaries totaled $62 million for fiscal year 2007 with $16 million disbursed to universities and colleges and $44 million disbursed to public schools. This was an increase of $7 million from the apportionments of fiscal year 2006.

The Department of Wildlife's Lifetime Licenses fund balance increased by 13.7% to $80.1 million. This increase occurred due to increases in both license revenue and investment revenue over the previous year.

The Tobacco Settlement Endowment Permanent Fund holds certain moneys that are received in settlement of claims by the state against tobacco manufacturers. Earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. This fund reported a $78.8 million increase in fund balance with most of the increase, $47.6 million, coming from the settlement payment by tobacco manufacturers for 2007. The prior year's payment was about $42.4 million. The state now has $376.3 million in the permanent fund.

Proprietary Funds

The State's proprietary fund financial statements provide the same type of information found in the government-wide financial statements for business-type activities. This information is presented on the same basis of accounting, but provides more detail.

As discussed in the business-type activities section above, the State's net assets increased by $153 million as a result of operations in the proprietary funds. This resulted from a $107 million increase in net assets by the Oklahoma Unemployment Insurance Trust Fund (OUITF), an increase in net assets of $38.8 million by the Oklahoma Water Resources Board's (OWRB) program for making loans to local government units for drinking and waste water facilities, and an increase in net assets of $7.2 million by the Oklahoma Lottery Commission.

The OUITF increased in net assets although payments for unemployment benefits increased $13 million during 2007. Operating revenues decreased $44.5 million overall, mostly from an decrease in collections (sales and services). Federal grant revenues increased by $2 million from the previous year.

The OWRB increased net assets by $38.8 million which was $18.5 million more than the $20.3 million in the prior year. Interest earnings on loans were up by $1.9 million due to improving interest rates on loans that contain variable rates. Federal grant revenues increased by $15.4 million from the previous year.

The Oklahoma Lottery Commission had an increase in net assets of $7.2 million, and operating income of $70 million. Operating revenues were $215 million, while operating expenses were $145 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

The differences between the original budget and the final amended budget were relatively minor ($110 million increase in appropriations). Significant differences are summarized as follows:

The Department of Corrections received $32.7 million in supplemental appropriations to help offset increased costs and to secure the necessary prison beds to protect public safety.

General government received an additional $3.2 million for deferred maintenance costs at the Capitol Complex buildings.

The Corporation Commission received $3.1 million for funds they were due under a federal program, but had not yet received.

The Oklahoma State Department of Education received $18.8 million in supplemental appropriations to the Ad Valorem Reimbursement Fund. This fund was created to reimburse local school districts for lost tax revenue due to tax incentives given to entice new business and economic growth.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The State's investment in capital assets for its governmental and business-type activities as of June 30, 2007, amounts to $14.6 billion, net of accumulated depreciation of $6.9 billion, leaving a net book value of $7 billion. This investment in capital assets includes land, buildings, improvements, equipment, infrastructure and construction in progress. Infrastructure assets are items that are normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items.

The total increase in the State's investment in capital assets for the current fiscal year was about 5.5% in terms of net book value. Actual expenditures to purchase or construct capital assets were $918 million for the year, a $150 million (19.5%) increase from the prior year. Most of this amount was used to construct or reconstruct roads and bridges. Depreciation charges for the year totaled $355.5 million. Additional information on the State's capital assets can be found in Note 5 of the notes to the financial statements of this report.

Debt Administration

The authority of the State to incur debt is described in Article X, Section 25, of the Oklahoma Constitution. In 1987, the State created the Council of Bond Oversight. The commissions meet jointly to review all proposed debt issuances. Both commissions must approve each financing plan before obligations are issued. The legislation that created the bond oversight commissions also created the position of State Bond Advisor, who advises the commissions, and must approve the pricing and fees associated with any debt issuance.

General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the debt. Accordingly, all general obligation debt currently outstanding was approved by a vote of the citizens.

The State of Oklahoma's total debt decreased by $7 million, or 1%, during the current fiscal year. The increase in long-term obligations of governmental activities was primarily due to a $96 million ODOT grant anticipation note payable, while business-type activities had a $74 million long-term obligations decrease primarily due to a reduction in the total outstanding bond indebtedness of the Oklahoma Water Resources Board ($72 million decrease).

Additional information on the State's long-term debt obligations can be found in Notes 9, 10, and 11 of the notes to the financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Oklahoma unemployment rate was consistently lower than that for the nation between 1997 and 2006. The national unemployment rate is currently 4.5% while Oklahoma's still remains less at 4.2% for the same time period.

Inflationary trends in the region continue to compare favorably to national indices as well.

These factors are considered by legislative leaders and management in preparing the State's budget for future years. (See below.)

During fiscal year 2007, unreserved fund balance in the general fund increased $75 million to $3.45 billion, with $555 million of this in the Cash Flow Reserve Fund and $571 million in the State's Rainy Day Fund leaving $2.3 billion as undesignated. This $2.3 billion is roughly 16.5% of the total governmental fund expenditures for the year.

Budget and Revenue Collections

The State Constitution requires adoption of a balanced budget. The revenue certification provided by the State Board of Equalization is the basis for development of the State's General Revenue Fund (GRF) budget. The GRF is a budgetary cash account included in the State's General Fund.

If new laws or changes in existing laws are passed that affect revenues, the Equalization Board meets to certify the effects of these changes on the official estimate. Appropriations in any fiscal year may not exceed 95% of the official revenue estimate (plus any cash funds on-hand and available for appropriation).

If collections to a certified cash account are insufficient to cover the appropriations from that account, the Constitution requires that appropriations be reduced proportionately to all agencies receiving an appropriation from that source. The Office of State Finance has the statutory duty to monitor revenue collections and, if warranted, to make reductions in appropriations to prevent deficit spending.

The Legislature may, in regular or special session, make selective reductions in spending or consider revenue increases. Oklahoma experienced a significant increase in revenue in 2006 over 2005 and increase in 2007 over 2006 although significantly less than the increase of 2006. The same factors that improved revenue collections during 2005 continued throughout fiscal year 2006 and into 2007. As a result, the balances in the Rainy Day Fund increased from $497 to $571 million, providing a sizeable reserve in the event of an economic slowdown.

Fiscal Year 2008

Revenue collections continue to keep pace in the current fiscal year. In the first six months, General Revenue Fund collections are $90.7 million (or 3.3%) above estimated collections and $7.9 million (or .3%) above prior year collections. December sales taxes are primarily responsible for the revenue increases. Income and sales tax collections are a good indicator that the underlying state economy continues to show strength. The likelihood of budget cuts during the current fiscal year is remote unless the current trends reverse.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the State of Oklahoma's finances for all of Oklahoma's citizens, taxpayers, customers, and investors and creditors. This financial report seeks to demonstrate the State's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: State of Oklahoma, Office of State Finance, 2300 N. Lincoln, Suite 122, Oklahoma City, OK 73105-4801.

Oklahoma Centennial NASCAR

Oklahoma based Keith Coleman Racing Team sponsored the Oklahoma Centennial NASCAR during the 2007 Busch Series racing season. Thousands of Oklahomans joined millions of NASCAR fans as rookie sensation Brad Keselowski raced the #23 Chevrolet Monte Carlo SS into living rooms across the world.

Basic Financial Statements

Basic
Financial Statements

Centennial Clocks

The Oklahoma Centennial Commission has installed over 100 Centennial Clocks across the state to commemorate Oklahoma's 100 years of Statehood. The clocks are replicas of clocks that were common sight during the early 1900s. In 2007, while Oklahoma City hosted the Big 12 Basketball Tournament, the Centennial Commission dedicated the Big 12 Clock which stands between the Cox Convention Center and the Ford Center in Oklahoma City.

Government-Wide Financial Statements

Government-Wide Financial Statements

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State of Oklahoma
Statement of Net Assets
June 30, 2007
(expressed in thousands)

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Current Assets				
Cash/Cash Equivalents	$ 3,750,180	$ 846,017	$ 4,596,197	$ 736,771
Investments	567,837	2,048	569,885	1,648,756
Securities Lending Investments	2,945,635	0	2,945,635	266,699
Accounts Receivable	28,272	68,196	96,468	323,543
Interest and Investment Revenue Receivable	46,754	6,762	53,516	21,912
Federal Grants Receivable	473,411	490	473,901	3,450
Taxes Receivable	274,941	0	274,941	0
Leases Receivable	6,960	0	6,960	0
Leases Receivable - Component Units	16,028	0	16,028	0
Other Receivables	321	358	679	7,875
Notes Receivable	0	36,764	36,764	7,717
Internal Balances	13,441	(13,441)	0	0
Receivable from External Parties	268	0	268	3
Due from Component Units	2,703	0	2,703	21,840
Due from Primary Government	0	0	0	422,820
Inventory	45,942	0	45,942	65,601
Prepaid Items	973	42	1,015	9,195
Other Current Assets	5,700	40	5,740	21,155
Total Current Assets	8,179,366	947,276	9,126,642	3,557,337
Noncurrent Assets				
Cash/Cash Equivalents - Restricted	64,348	54,650	118,998	411,733
Short-Term Investments - Restricted	0	0	0	2,247,807
Long-Term Investments	0	286,598	286,598	938,836
Long-Term Investments - Restricted	1,930,947	0	1,930,947	0
Leases Receivable	20,520	0	20,520	0
Leases Receivable - Component Units	522,765	0	522,765	0
Long-Term Notes Receivable, Net	0	570,251	570,251	158,927
Long-Term Notes Receivable, Net - Restricted	0	0	0	1,029,316
Long-Term Due from Component Units	47,547	0	47,547	0
Capital Assets - Depreciable, Net	6,204,899	1,028	6,205,927	4,132,952
Capital Assets - Land	1,360,482	0	1,360,482	323,245
Capital Assets - Construction in Progress	92,155	0	92,155	397,267
Net Pension Asset	11,283	0	11,283	0
Other Noncurrent Assets	17,247	4,357	21,604	374,483
Other Noncurrent Assets - Restricted	24,472	0	24,472	54,393
Total Noncurrent Assets	10,296,665	916,884	11,213,549	10,068,959
Total Assets	18,476,031	1,864,160	20,340,191	13,626,296

The Notes to the Financial Statements are an integral part of this statement.

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	759,919	58,446	818,365	205,180
Payable Under Securities Lending Agreements	2,945,635	0	2,945,635	266,699
Claims and Judgments	4,379	0	4,379	203,325
Interest Payable	40,195	6,300	46,495	84,688
Tax Refunds Payable	7,144	0	7,144	0
Payable to External Parties	21,610	0	21,610	0
Due to Component Units	414,752	0	414,752	21,840
Due to Primary Government	0	0	0	2,715
Due to Others	177,065	1	177,066	0
Unearned Revenue	90,745	358	91,103	184,231
Capital Leases	1,304	0	1,304	17,117
Capital Leases - Primary Government	0	0	0	15,265
Compensated Absences	89,435	271	89,706	69,400
Notes Payable	10,302	0	10,302	29,477
General Obligation Bonds	14,555	0	14,555	1,675
Revenue Bonds	96,728	29,200	125,928	165,024
Other Current Liabilities	7,502	2,741	10,243	191,569
Total Current Liabilities	4,681,270	97,317	4,778,587	1,458,205
Noncurrent Liabilities				
Claims and Judgments	49,357	0	49,357	771,705
Due to Primary Government	0	0	0	46,696
Pension Obligation	1,703	0	1,703	0
Capital Leases	3,337	0	3,337	122,481
Capital Leases - Primary Government	0	0	0	524,106
Compensated Absences	66,063	0	66,063	23,371
Notes Payable	211,596	0	211,596	310,553
General Obligation Bonds	218,955	0	218,955	57,604
Revenue Bonds	1,040,622	550,849	1,591,471	4,447,549
Other Noncurrent Liabilities	48,888	272	49,160	192,237
Total Noncurrent Liabilities	1,640,521	551,121	2,191,642	6,496,302
Total Liabilities	6,321,791	648,438	6,970,229	7,954,507
Net Assets				
Invested in Capital Assets, Net of Related Debt	6,633,078	1,028	6,634,106	1,785,401
Restricted for:				
Capital Projects	2,993	0	2,993	0
Debt Service	145,388	1,017,657	1,163,045	1,039,460
Preservation of Wildlife	80,130	0	80,130	0
Educational Systems	1,567,904	0	1,567,904	0
Unemployment Benefits	0	0	0	0
Other Purposes				
Expendable	13,007	190,076	203,083	1,549,447
Nonexpendable	363,275	0	363,275	0
Unrestricted	3,348,465	6,961	3,355,426	1,297,481
Total Net Assets	$ 12,154,240	$ 1,215,722	$ 13,369,962	$ 5,671,789

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Activities
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

Functions	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Primary Government: Governmental Activities	Primary Government: Business-Type Activities	Primary Government: Total	Component Units
Primary Government:								
Governmental Activities:								
Education-General	$ 3,285,059	$ 33,788	$ 887,744	$ 0	$ (2,363,527)		$ (2,363,527)	
Education-Payment to Higher Education	936,404	0	0	0	(936,404)		(936,404)	
General Government	1,712,841	215,773	119,495	0	(1,377,573)		(1,377,573)	
Health Services	3,954,939	166,816	2,563,493	0	(1,224,630)		(1,224,630)	
Legal and Judiciary	213,955	89,606	17,518	0	(106,831)		(106,831)	
Museums	17,834	5,000	720	0	(12,114)		(12,114)	
Natural Resources	271,734	103,668	77,990	0	(90,076)		(90,076)	
Public Safety and Defense	829,663	85,362	119,148	0	(625,153)		(625,153)	
Regulatory Services	110,218	90,388	5,057	0	(14,773)		(14,773)	
Social Services	1,797,721	72,674	1,098,287	0	(626,760)		(626,760)	
Transportation	482,831	64,594	481,320	0	63,083		63,083	
Interest on Long-Term Debt	69,769	0	0	0	(69,769)		(69,769)	
Total Governmental Activities	13,682,968	927,669	5,370,772	0	(7,384,527)		(7,384,527)	
Business-Type Activities:								
Employment Security Commission	177,914	271,705	12,897	0		$ 106,688	106,688	
Water Resources Board	28,015	52,300	15,138	0		39,423	39,423	
Lottery Commission	145,028	215,223	6,422	0		76,617	76,617	
Total Business-Type Activities	350,957	539,228	34,457	0		222,728	222,728	
Total Primary Government	$ 14,033,925	$ 1,466,897	$ 5,405,229	$ 0	(7,384,527)	222,728	(7,161,799)	
Component Units:								
CompSource Oklahoma	$ 309,084	$ 356,077	$ 0	$ 0				$ 46,993
Oklahoma Student Loan Authority	54,143	65,329	0	0				11,186
Oklahoma Housing Finance Agency	157,018	36,019	121,479	0				480
Oklahoma Turnpike Authority	191,145	213,335	0	0				22,190
Grand River Dam Authority	246,528	300,887	0	0				54,359
Oklahoma Municipal Power Authority	168,585	170,252	0	0				1,667
Higher Education	3,350,660	2,969,125	45,311	0				(336,224)
Nonmajor Component Units	175,781	141,266	2,747	20,000				(11,768)
Total Component Units	$ 4,652,944	$ 4,252,290	$ 169,537	$ 20,000				(211,117)
General Revenues								
Taxes:								
Income Taxes-Individual					2,654,294	0	2,654,294	0
Income Taxes-Corporate					772,668	0	772,668	0
Sales Tax					1,968,931	0	1,968,931	0
Gross Production Taxes					822,888	0	822,888	0
Motor Vehicle Taxes					609,669	0	609,669	0
Fuel Taxes					401,992	0	401,992	0
Tobacco Taxes					220,556	0	220,556	0
Other Personal Taxes					191,860	0	191,860	0
Insurance Taxes					104,403	0	104,403	0
Beverage Taxes					79,996	0	79,996	0
Other Taxes					147,470	0	147,470	0
Payments from Primary Government					0	0	0	1,012,510
Investment Earnings					192,733	0	192,733	0
Contributions to Permanent Funds					48,839	0	48,839	0
Gain on Sale of Assets					1,989	0	1,989	0
Transfers					69,972	(69,972)	0	0
Total General Revenues and Transfers					8,288,260	(69,972)	8,218,288	1,012,510
Change in Net Assets					903,733	152,756	1,056,489	801,393
Net Assets - Beginning of Year (as restated)					11,250,507	1,062,966	12,313,473	4,870,396
Net Assets - End of Year					$ 12,154,240	$ 1,215,722	$ 13,369,962	$ 5,671,789

The Notes to the Financial Statements are an integral part of this statement.

The Oklahoma Centennial Parade

On October 14, 2007, Oklahoma City's streets were bursting with excitement as more than 200,000 people attended the grandest parade ever held in Oklahoma. Oklahoma's culture and achievements were showcased in 11 animated floats, 45-foot tall balloons, 12 marching bands and over 3,500 participants from all 77 counties. The parade was kicked off by a Broadway inspired musical number featuring Oklahoma's five living Miss America's, Indian fancy dancers, Oklahoma City University Spirit Dancers, Oklahoma Centennial All-Star Band as well as many of Oklahoma's accomplished athletes. The Grand Marshals of the parade were actor James Gardner and current Miss America Lauren Nelson.

Fund Financial Statements

Fund
Financial Statements

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State of Oklahoma
Balance Sheet
Governmental Funds
June 30, 2007
(expressed in thousands)

	General	Permanent Funds			Total Governmental Funds
		Commissioners of the Land Office	Department of Wildlife Lifetime Licenses	Tobacco Settlement Endowment	
Assets					
Assets					
Cash/Cash Equivalents	$ 3,728,715	$ 63,965	$ 4,434	$ 17,414	$ 3,814,528
Investments	567,837	1,486,482	75,581	368,884	2,498,784
Securities Lending Investments	2,880,961	0	0	64,674	2,945,635
Accounts Receivable	28,272	0	0	0	28,272
Interest and Investment Revenue Receivable	46,754	10,748	0	2,133	59,635
Federal Grants Receivable	473,411	0	0	0	473,411
Taxes Receivable	274,941	0	0	0	274,941
Leases Receivable	27,480	0	0	0	27,480
Leases Receivable-Component Units	538,793	0	0	0	538,793
Other Receivables	321	5,419	0	10	5,750
Due from Other Funds	13,472	0	108	0	13,580
Due from Fiduciary Funds	268	0	0	0	268
Due from Component Units	2,703	0	0	0	2,703
Due from Component Units-Noncurrent	47,547	0	0	0	47,547
Inventory	45,942	0	0	0	45,942
Prepaid Items	973	0	0	0	973
Other Assets	5,693	6,162	7	0	11,862
Total Assets	$ 8,684,083	$ 1,572,776	$ 80,130	$ 453,115	$ 10,790,104
Liabilities and Fund Balance					
Liabilities					
Accounts Payable and Accrued Liabilities	$ 747,819	$ 0	$ 0	$ 12,100	$ 759,919
Payable Under Securities Lending Agreements	2,880,961	0	0	64,674	2,945,635
Interest Payable	10,064	0	0	0	10,064
Tax Refunds Payable	7,144	0	0	0	7,144
Due to Other Funds	108	0	0	31	139
Due to Fiduciary Funds	21,610	0	0	0	21,610
Due to Component Units	414,724	0	0	28	414,752
Due to Others	177,065	0	0	0	177,065
Deferred Revenue	240,219	4,872	0	0	245,091
Other Liabilities	3,323	0	0	0	3,323
Total Liabilities	4,503,037	4,872	0	76,833	4,584,742
Fund Balances					
Reserved					
Encumbrances	438,787	0	0	0	438,787
Inventory/Prepaid Items	45,632	0	0	0	45,632
Debt Service	145,388	0	0	0	145,388
Capital Construction	101,493	0	0	0	101,493
Preservation of Wildlife	0	0	60,146	0	60,146
Permanent Trust	0	1,567,904	0	363,275	1,931,179
Undistributed Revenue	0	0	19,984	13,007	32,991
Other Special Purposes	550	0	0	0	550
Unreserved, reported in					
General Fund					
Designated for Cash Flow Reserve Fund	555,310	0	0	0	555,310
Designated for Rainy Day Fund	571,599	0	0	0	571,599
Undesignated	2,322,287	0	0	0	2,322,287
Total Fund Balances	4,181,046	1,567,904	80,130	376,282	6,205,362
Total Liabilities and Fund Balances	$ 8,684,083	$ 1,572,776	$ 80,130	$ 453,115	

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets

Total Fund Balance - Governmental Funds		$ 6,205,362
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of :		
Land	$ 1,360,482	
Buildings and Improvements	966,197	
Equipment	327,107	
Infrastructure	11,881,216	
Construction in Progress	92,155	
Accumulated Depreciation	(6,969,621)	
		7,657,536
Some of the State's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		154,346
The Uniform Retirement System for Judges and Justices and the Oklahoma Law Enforcement Retirement System have been funded in excess of Annual Required Contributions, creating a negative net pension obligation. This asset is not a current available financial resource and is not reported in the funds.		11,283
Bonds issued by the State have associated costs that are paid from current available financial resources in the funds. However, these costs are deferred on the statement of net assets.		6,289
Certain bonds issued by the State are for the purpose of refunding older bond issues. Some bonds that are refunded are done so at a loss to the State. These losses are costs in the funds, but are amortized over the life of the refunding bonds on the statement of net assets.		10,958
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:		
Notes Payable	(221,898)	
General Obligation and Revenue Bonds	(1,370,860)	
Capital Leases and Certificates of Participation	(4,641)	
Net Pension Obligation (Wildlife)	(1,703)	
Bond Issue Premium	(53,067)	
Accrued Interest on Bonds	(30,131)	
Compensated Absences	(155,498)	
Claims and Judgements	(53,736)	
		(1,891,534)
Net Assets of Governmental Activities		$ 12,154,240

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds

For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	General	Permanent Funds: Commissioners of the Land Office	Permanent Funds: Department of Wildlife Lifetime Licenses	Permanent Funds: Tobacco Settlement Endowment	Total Governmental Funds
Revenues					
Taxes					
Income Taxes-Individual	$ 2,654,294	$ 0	$ 0	$ 0	$ 2,654,294
Sales Tax	1,968,931	0	0	0	1,968,931
Gross Production Taxes	822,888	0	0	0	822,888
Income Taxes-Corporate	772,668	0	0	0	772,668
Motor Vehicle Taxes	609,669	0	0	0	609,669
Fuel Taxes	401,992	0	0	0	401,992
Tobacco Taxes	220,556	0	0	0	220,556
Other Personal Taxes	191,860	0	0	0	191,860
Insurance Taxes	104,403	0	0	0	104,403
Beverage Taxes	79,996	0	0	0	79,996
Other Taxes	147,470	0	0	0	147,470
Licenses, Permits and Fees	286,765	0	2,952	0	289,717
Interest and Investment Revenue	328,772	261,126	7,823	40,008	637,729
Federal Grants	5,006,861	0	0	0	5,006,861
Sales and Services	172,558	10,951	1,769	0	185,278
Other Grants and Reimbursements	228,283	0	0	0	228,283
Fines and Penalties	43,180	0	0	0	43,180
Other	46,686	0	0	48,839	95,525
Total Revenues	14,087,832	272,077	12,544	88,847	14,461,300
Expenditures					
Current					
Education	4,150,812	67,521	0	0	4,218,333
General Government	1,594,480	0	0	9,982	1,604,462
Health Services	3,936,893	0	0	0	3,936,893
Legal and Judiciary	207,229	0	0	0	207,229
Museums	17,045	0	0	0	17,045
Natural Resources	238,075	0	0	0	238,075
Public Safety and Defense	773,813	0	0	0	773,813
Regulatory Services	108,231	0	0	0	108,231
Social Services	1,758,475	0	0	0	1,758,475
Transportation	173,532	0	0	0	173,532
Capital Outlay	918,055	0	0	0	918,055
Debt Service					
Principal Retirement	103,606	0	0	0	103,606
Interest and Fiscal Charges	69,769	0	0	0	69,769
Total Expenditures	14,050,015	67,521	0	9,982	14,127,518
Revenues in Excess of (Less Than) Expenditures	37,817	204,556	12,544	78,865	333,782
Other Financing Sources (Uses)					
Transfers In	80,606	0	0	0	80,606
Transfers Out	(29)	(7,739)	(2,866)	0	(10,634)
Bonds Issued	6,430	0	0	0	6,430
Notes Issued	95,675	0	0	0	95,675
Bond and Note Issue Premiums	4,573	0	0	0	4,573
Bond and Note Issue Discounts	(82)	0	0	0	(82)
Capital Leases and Certificates of Participation	2,501	0	0	0	2,501
Sale of Capital Assets	7,613	0	0	0	7,613
Total Other Financing Sources (Uses)	197,287	(7,739)	(2,866)	0	186,682
Net Change in Fund Balances	235,104	196,817	9,678	78,865	520,464
Fund Balances - Beginning of Year (as restated)	3,945,942	1,371,087	70,452	297,417	5,684,898
Fund Balances - End of Year	$ 4,181,046	$ 1,567,904	$ 80,130	$ 376,282	$ 6,205,362

The Notes to the Financial Statements are an integral part of this statement.

Reconciliation of the Governmental Funds Schedule of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities

Net Change in Fund Balances - Total Governmental Funds		
Amounts reported for governmental activities in the statement of activities are different because:	$	520,464
Governmental funds report capital outlays as expenditures. However, in the statements of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays ($777,287) exceeded depreciation ($355,456) in the current period.		421,831
In the statement of activities, only the gain on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold.		(7,778)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		55,594
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments ($103,606) exceeded proceeds ($102,105).		1,501
Bond issuance premiums are other financing sources to governmental funds, but are deferred liabilities in the statement of net assets.		(4,573)
Contributions to certain pension plans use current financial resources from governmental funds, and can decrease the net pension obligation ($205) and the net pension asset ($13,487) in the statement of activities.		(13,282)
Some of the assets acquired this year were financed as capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are long-term liabilities in the statement of net assets.		(2,501)
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the amount by which the accretion of bond premiums ($4,179) is exceeded by the increase in interest payable ($6,218) and the increase in compensated absences ($9,282) combined with the amortization of bond issuance costs ($881) and the amortization of loss on refunded bonds ($1,585). This amount also includes liabilities for claims and judgements that will not be paid from current financial resources ($53,736).		(67,523)
Change in Net Assets of Governmental Activities	$	903,733

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Net Assets
Proprietary Funds
June 30, 2007
(expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Employment Security Commission	Water Resources Board	Lottery Commission	Total
Assets				
Current Assets				
Cash/Cash Equivalents	$ 806,754	$ 24,004	$ 15,259	$ 846,017
Investments	0	2,048	0	2,048
Accounts Receivable	11,674	0	56,522	68,196
Interest and Investment Revenue Receivable	0	6,762	0	6,762
Federal Grants Receivable	0	490	0	490
Other Receivables	353	5	0	358
Notes Receivable	0	36,764	0	36,764
Prepaid Items	0	0	42	42
Other Current Assets	0	40	0	40
Total Current Assets	818,781	70,113	71,823	960,717
Noncurrent Assets				
Cash/Cash Equivalents - Restricted	0	49,267	5,383	54,650
Long-Term Investments	0	286,598	0	286,598
Long-Term Notes Receivable	0	570,251	0	570,251
Capital Assets, Net	0	167	861	1,028
Other Noncurrent Assets	0	2,779	1,578	4,357
Total Noncurrent Assets	0	909,062	7,822	916,884
Total Assets	818,781	979,175	79,645	1,877,601
Liabilities				
Current Liabilities				
Accounts Payable and Accrued Liabilities	24	22	58,400	58,446
Interest Payable	0	6,300	0	6,300
Compensated Absences	0	117	154	271
Deferred Revenue	0	0	358	358
Revenue Bonds	0	29,200	0	29,200
Due to Other Funds	57	474	12,911	13,442
Other Current Liabilities	0	2,741	0	2,741
Total Current Liabilities	81	38,854	71,823	110,758
Noncurrent Liabilities				
Revenue Bonds	0	550,849	0	550,849
Other Noncurrent Liabilities	0	272	0	272
Total Noncurrent Liabilities	0	551,121	0	551,121
Total Liabilities	81	589,975	71,823	661,879
Net Assets				
Invested in Capital Assets, net of related debt	0	167	861	1,028
Restricted for:				
Debt Service	818,700	198,957	0	1,017,657
Other Purposes	0	190,076	0	190,076
Unrestricted	0	0	6,961	6,961
Total Net Assets	$ 818,700	$ 389,200	$ 7,822	$ 1,215,722

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Employment Security Commission	Water Resources Board	Lottery Commission	Total
Operating Revenues				
Sales and Services	$ 234,441	$ 0	$ 215,195	$ 449,636
Federal Grants	1,724	2,597	0	4,321
Interest and Investment Revenue	0	18,962	0	18,962
Other	1,525	0	28	1,553
Total Operating Revenues	237,690	21,559	215,223	474,472
Operating Expenses				
Facilities Operations and Maintenance	0	0	233	233
Administrative and General	0	3,032	9,162	12,194
Prizes, Comissions and Other	0	0	135,471	135,471
Interest	0	25,008	0	25,008
Depreciation	0	60	162	222
Benefit Payments and Refunds	177,914	0	0	177,914
Total Operating Expenses	177,914	28,100	145,028	351,042
Operating Income (Loss)	59,776	(6,541)	70,195	123,430
Nonoperating Revenues (Expenses)				
Interest and Investment Revenue	35,739	14,839	1,060	51,638
Other Nonoperating Revenues	0	299	5,362	5,661
Nonoperating Federal Grants	11,173	30,741	0	41,914
Other Nonoperating Expenses	0	85	0	85
Total Nonoperating Revenues (Expenses)	46,912	45,964	6,422	99,298
Income (Loss) Before Transfers	106,688	39,423	76,617	222,728
Transfers In	0	29	0	29
Transfers Out	0	(623)	(69,378)	(70,001)
Change in Net Assets	106,688	38,829	7,239	152,756
Total Net Assets - Beginning of Year	712,012	350,371	583	1,062,966
Total Net Assets - Ending	$ 818,700	$ 389,200	$ 7,822	$ 1,215,722

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Business-Type Activities - Enterprise Funds			
	Employment Security Commission	Water Resources Board	Lottery Commission	Total
Cash Flows from Operating Activities				
Receipts from Customers and Users	$ 234,175	$ 0	$ 202,924	$ 437,099
Receipts from Federal Grants	0	2,877	0	2,877
Payments of Benefits	(177,876)	0	0	(177,876)
Payments to Suppliers	0	(1,799)	(13,684)	(15,483)
Payments to Employees	0	(1,671)	(3,095)	(4,766)
Payments to Prize Winners	0	0	(109,748)	(109,748)
Collections of Interest on Loans to Governmental Units	0	18,937	0	18,937
Payments of Operating Interest Expense	0	(26,386)	0	(26,386)
Net Cash Provided (Used) by Operating Activities	56,299	(8,042)	76,397	124,654
Cash Flows from Noncapital Financing Activities				
Proceeds from Bonds and Notes Payable	0	62,800		62,800
Federal Grants and Other Contributions	11,037	30,737	0	41,774
Transfers In	0	5,023	0	5,023
Transfers Out	0	(5,617)	(80,802)	(86,419)
Deposit with Multi-State Lottery	0	0	(794)	(794)
Payments for Arbitrage Rebate	0	(599)	0	(599)
Principal Paid on Bonds and Notes Payable	0	(134,990)	0	(134,990)
Net Cash Provided (Used) by Noncapital Financing Activities	11,037	(42,646)	(81,596)	(113,205)
Cash Flows from Capital and Related Financing Activities				
Interest Paid	0	0	0	0
Advances on Line of Credit	0	0	0	0
Repayment of Advances on Line of Credit	0	0	(500)	(500)
Payments for Acquistion of Capital Assets	0	0	(469)	(469)
Net Cash Used by Capital and Related Financing Activities	0	0	(969)	(969)
Cash Flows from Investing Activities				
Interest and Investment Revenue	35,739	14,924	762	51,425
Proceeds from Sale and Maturity of Investments	0	7,661	0	7,661
Payments to Purchase Investments	0	68,512	0	68,512
Collections of Principal on Loans to Governmental Units	0	126,226	0	126,226
Payments to Issue Notes Receivable	0	(129,640)	0	(129,640)
Net Cash Provided by Investing Activities	35,739	87,683	762	124,184
Net Increase (Decrease) in Cash/Cash Equivalents	103,075	36,995	(5,406)	134,664
Cash/Cash Equivalents - Beginning of Year	703,679	36,276	26,048	766,003
Cash/Cash Equivalents - End of Year	$ 806,754	$ 73,271	$ 20,642	$ 900,667
Reconciliation of Operating Income (Loss) to Net Cash Used by Operating Activities				
Operating Income (Loss)	$ 59,776	$ (6,541)	$ 70,195	$ 123,430
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	0	60	162	222
Amortization (Accretion) and Other Noncash Expenses	0	(739)	5,319	4,580
Decrease (Increase) in Assets				
Accounts Receivable	(1,704)	0	745	(959)
Federal Receivable	0	280	0	280
Interest and Investment Receivable	0	48	0	48
Other Receivables	0	(112)	(42)	(154)
Increase (Decrease) in Liabilities				
Accounts Payable and Accrued Liabilities	(19)	(275)	(1,173)	(1,467)
Interest Payable	0	(548)	0	(548)
Prizes Payable	0	0	1,284	1,284
Compensated Absences	0	0	0	0
Arbitrage Rebate Payable	0	(613)	0	(613)
Due to other funds	57	5	306	368
Deferred Revenue	(1,811)	0	(399)	(2,210)
Other Current Liabilities	0	393	0	393
Net Cash Provided (Used) by Operating Activities	$ 56,299	$ (8,042)	$ 76,397	$ 124,654

The Notes to the Financial Statements are an integral part of this statement.

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State of Oklahoma
Statement of Fiduciary Net Assets
Fiduciary Funds and Similar Component Units
June 30, 2007
(expressed in thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Fund
Assets		
Cash/Cash Equivalents	$ 756,491	$ 193,272
Investments, at fair value		
Equity Securities	10,711,906	0
Governmental Securities	3,990,243	0
Debt Securities	2,440,151	0
Mutual Funds	2,942,883	0
Other Investments	823,814	152
Securities Lending Investments	3,040,578	0
Accounts Receivable	4,983	88
Interest and Investment Revenue Receivable	55,459	0
Employer Contributions Receivable	34,957	0
Employee Contributions Receivable	24,642	0
Other Contributions Receivable	41,847	0
Other Receivables	1,263	4
Due from Brokers	987,784	0
Due from Other Funds	32,277	0
Due from Component Units	0	12
Inventory	0	7,192
Capital Assets, Net	2,354	0
Other Assets	120	0
Total Assets	25,891,752	$ 200,720
Liabilities		
Accounts Payable	3,632	$ 1,482
Tax Refunds Payable	0	2,952
Securities Lending Payable	3,040,578	0
Due to Brokers	1,544,758	0
Due to Other Funds	8,665	4,448
Due to Component Units	3	0
Due to Others	0	191,838
Benefits in the Process of Payment	135,034	0
Other Liabilities	16,584	0
Total Liabilities	4,749,254	$ 200,720
Net Assets		
Held in Trust for Pension Benefits and Pool Participants	$ 21,142,498	

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Statement of Changes in
Fiduciary Net Assets
Fiduciary Funds and Similar Component Units
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Pension and Other Employee Benefit Trust Funds
Additions	
Contributions	
Employer Contributions	$ 532,975
Employee Contributions	1,094,143
Other Contributions	444,256
Total Contributions	2,071,374
Investment Earnings	
Net Increase in Fair Value of Investments	2,701,305
Interest and Investment Revenue	583,822
Total Investment Earnings	3,285,127
Less Investment Expenses	192,641
Net Investment Earnings	3,092,486
Total Additions	5,163,860
Deductions	
Administrative and General Expenses	53,712
Benefit Payments and Refunds	2,183,229
Total Deductions	2,236,941
Change in Net Assets	2,926,919
Net Assets - Beginning of Year (as restated)	18,215,579
Net Assets - End of Year	$ 21,142,498

The Notes to the Financial Statements are an integral part of this statement.

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MAJOR COMPONENT UNITS

The State of Oklahoma has seven major component units which are described below:

COMPSOURCE OKLAHOMA
P.O. Box 53505, Oklahoma City, Oklahoma 73152
The Fund provides a source of workers' compensation insurance for all employers within the state including state agencies and other governmental units. The Fund is financed through employer premiums.

OKLAHOMA STUDENT LOAN AUTHORITY
4545 N. Lincoln Blvd., Suite 66, Oklahoma City, Oklahoma 73105
The Authority provides loans to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations.

OKLAHOMA HOUSING FINANCE AGENCY
100 N.W. 63rd Street, Suite 200, Oklahoma City, Oklahoma 73116
The Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of adequate residential housing and other economic development for the benefit of the State of Oklahoma.

OKLAHOMA TURNPIKE AUTHORITY
P.O. Box 11357, Oklahoma City, Oklahoma 73136
The Authority is authorized to construct, maintain, repair, and operate turnpike projects at locations authorized by the Legislature and approved by the Department of Transportation. The Authority receives revenues from turnpike tolls and a percentage of the turnpike concessions sales. The Authority issues revenue bonds to finance the cost of turnpike projects.

GRAND RIVER DAM AUTHORITY
P.O. Box 409, Vinita, Oklahoma 74301
The Authority controls the waters of the Grand River system to generate water power and electric energy and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma.

OKLAHOMA MUNICIPAL POWER AUTHORITY
P.O. Box 1960, Edmond, Oklahoma 73083
The Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities necessary to meet the electrical energy requirements of their consumers. The Authority also sells electric power to its member municipalities.

HIGHER EDUCATION
Higher Education is primarily comprised of colleges and universities which are members of the Oklahoma State System of Higher Education. The System includes the following colleges and universities:

COMPREHENSIVE UNIVERSITIES
University of Oklahoma
Oklahoma State University

OTHER FOUR YEAR UNIVERSITIES
University of Central Oklahoma
East Central University
Northeastern State University
Northwestern Oklahoma State University
Southeastern Oklahoma State University
Southwestern Oklahoma State University
Cameron University
Langston University
Oklahoma Panhandle State University
Rogers State University
University of Science and Arts of Oklahoma

TWO YEAR COLLEGES
Carl Albert State College
Connors State College
Eastern Oklahoma State College
Redlands Community College
Murray State College
Northeastern Oklahoma A & M College
Northern Oklahoma College
Oklahoma City Community College
Rose State College
Seminole State College
Tulsa Community College
Western Oklahoma State College

Each institution which is a member of the Oklahoma State System of Higher Education (the "System") is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

Oklahoma State Regents for Higher Education serves as the coordinating board of control for the System.

Board of Regents of Oklahoma Colleges has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University.

Ardmore Higher Education Program was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Program earn credit applicable toward academic degrees and certificates at participating institutions in the System.

Rose State College Technical Area Education District, South Oklahoma City Area School District, and Tulsa Community College Area School District #18 were created to provide secondary vocational, technical, and adult education programs for persons within their defined geographical boundaries.

State of Oklahoma
Combining Statement of Net Assets
Major Component Units
June 30, 2007
(expressed in thousands)

	CompSource Oklahoma	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Assets									
Current Assets									
Cash/Cash Equivalents									
Unrestricted	$ 17,373	$ 67	$ 5,858	$ 22,343	$ 7,177	$ 0	$ 574,426	$ 109,527	$ 736,771
Investments	1,005,624	5,270	1,684	123,561	116,531	25,177	329,274	41,635	1,648,756
Securities Lending Investments	266,699	0	0	0	0	0	0	0	266,699
Accounts Receivable	40,372	0	1,758	1,095	40,608	10,547	224,782	4,381	323,543
Interest and Investment									
Revenue Receivable	9,103	785	205	1,607	1,847	0	7,105	1,260	21,912
Federal Grants Receivable	0	0	0	0	0	0	3,450	0	3,450
Other Receivables	31	0	0	0	0	0	6,853	991	7,875
Notes Receivable	0	0	0	0	0	0	6,575	1,142	7,717
Due from Fiduciary Funds	3	0	0	0	0	0	0	0	3
Due from Other Component Units	174	0	0	0	1,074	0	279	20,313	21,840
Due from Primary Government	10,320	0	0	331	583	0	405,032	6,554	422,820
Inventory	0	0	0	1,344	39,426	2,912	21,877	42	65,601
Prepaid Items	0	0	212	18	540	0	8,281	144	9,195
Other Current Assets	1,580	0	0	0	16,569	475	2,194	337	21,155
Total Current Assets	1,351,279	6,122	9,717	150,299	224,355	39,111	1,590,128	186,326	3,557,337
Noncurrent Assets									
Cash/Cash Equivalents -									
Restricted	0	2,981	29,335	62,400	0	9,866	272,491	34,660	411,733
Investments - Restricted	0	26,788	594,484	126,945	120,152	40,404	1,316,612	22,422	2,247,807
Long-Term Investments									
Unrestricted	0	0	9,368	0	0	33,993	853,228	42,247	938,836
Long-Term Notes Receivable, Net									
Unrestricted	46,120	46,114	0	0	0	0	47,924	18,769	158,927
Restricted	0	1,019,564	9,752	0	0	0	0	0	1,029,316
Capital Assets									
Depreciable, Net	16,580	678	3,353	918,916	352,470	230,307	2,494,806	115,842	4,132,952
Land	1,179	0	550	162,516	26,881	0	127,984	4,135	323,245
Construction in Progress	0	0	0	104,656	20,526	2,340	241,527	28,218	397,267
Other Noncurrent Assets									
Unrestricted	6,787	407	0	7,444	7,693	114,532	210,725	26,895	374,483
Restricted	0	28,060	5,215	0	0	0	11,640	9,478	54,393
Total Noncurrent Assets	70,666	1,124,592	652,057	1,382,877	527,722	431,442	5,576,937	302,666	10,068,959
Total Assets	1,421,945	1,130,714	661,774	1,533,176	752,077	470,553	7,167,065	488,992	13,626,296

The Notes to the Financial Statements are an integral part of this statement.

	CompSource Oklahoma	Oklahoma Student Loan Authority	Oklahoma Housing Finance Agency	Oklahoma Turnpike Authority	Grand River Dam Authority	Oklahoma Municipal Power Authority	Higher Education Component Unit	Nonmajor Component Units Total	All Component Units Total
Liabilities									
Current Liabilities									
Accounts Payable and Accrued Liabilities	9,030	1,446	2,152	9,024	27,328	21,085	121,835	13,280	205,180
Payable Under Securities Lending Agreements	266,699	0	0	0	0	0	0	0	266,699
Claims and Judgments	187,733	0	0	0	0	0	2,589	13,003	203,325
Interest Payable	0	5,719	2,472	17,982	2,536	7,285	13,024	35,670	84,688
Due to Other Component Units	185	0	0	39	67	1,073	20,314	162	21,840
Due to Primary Government	32	2	0	1,074	71	0	1,536	0	2,715
Deferred Revenue	67,757	0	1,759	19,859	0	0	94,660	196	184,231
Capital Leases	0	0	0	0	0	0	17,117	0	17,117
Capital Leases-Primary Govt.	0	0	0	0	0	0	15,007	258	15,265
Compensated Absences	1,246	118	758	1,756	3,648	0	61,541	333	69,400
Notes Payable	0	22,000	0	0	0	1,253	5,230	994	29,477
General Obligation Bonds	0	0	0	0	0	0	0	1,675	1,675
Revenue Bonds	0	0	20,083	36,870	65,045	13,970	27,281	1,775	165,024
Other Current Liabilities	0	0	0	0	0	0	191,474	95	191,569
Total Current Liabilities	532,682	29,285	27,224	86,604	98,695	44,666	571,608	67,441	1,458,205
Noncurrent Liabilities									
Claims and Judgments	659,330	0	0	0	0	0	2,050	110,325	771,705
Due to Primary Government	0	0	0	46,696	0	0	0	0	46,696
Capital Leases	0	0	0	0	0	0	122,481	0	122,481
Capital Leases-Primary Govt.	0	0	0	0	0	0	523,786	320	524,106
Compensated Absences	0	0	0	0	0	0	23,221	150	23,371
Notes Payable	0	71,622	0	0	0	53,135	139,868	45,928	310,553
General Obligation Bonds	0	0	0	0	0	0	0	57,604	57,604
Revenue Bonds	0	937,275	557,722	1,130,472	479,408	341,740	933,472	67,460	4,447,549
Other Noncurrent Liabilities	0	221	3,493	0	14,985	9,800	129,766	33,972	192,237
Total Noncurrent Liabilities	659,330	1,009,118	561,215	1,177,168	494,393	404,675	1,874,644	315,759	6,496,302
Total Liabilities	1,192,012	1,038,403	588,439	1,263,772	593,088	449,341	2,446,252	383,200	7,954,507
Net Assets									
Invested in Capital Assets, Net of Related Debt	17,758	678	3,904	17,733	666	(30,734)	1,647,449	127,947	1,785,401
Restricted for:									
Debt Service	0	0	37,990	90,479	40,479	19,138	851,372	2	1,039,460
Other Special Purpose									
Expendable	5,000	39,453	6,498	17,855	329	30,145	1,370,333	79,834	1,549,447
Nonexpendable	0	0	0	0	0	0	0	0	0
Unrestricted	207,175	52,180	24,943	143,337	117,515	2,663	851,659	(101,991)	1,297,481
Total Net Assets	$ 229,933	$ 92,311	$ 73,335	$ 269,404	$ 158,989	$ 21,212	$ 4,720,813	$ 105,792	$ 5,671,789

The Notes to the Financial Statements are an integral part of this statement.

State of Oklahoma
Combining Statement of Activities
Major Component Units
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

		Program Revenues				General Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
Component Units:									
CompSource Oklahoma	$ 309,084	$ 356,077	$ 0	$ 0	$ 46,993	$ 0	$ 46,993	$ 182,940	$ 229,933
Oklahoma Student Loan Authority	54,143	65,329	0	0	11,186	0	11,186	81,125	92,311
Oklahoma Housing Finance Agency	157,018	36,019	121,479	0	480	0	480	72,855	73,335
Oklahoma Turnpike Authority	191,145	213,335	0	0	22,190	0	22,190	247,214	269,404
Grand River Dam Authority	246,528	300,887	0	0	54,359	0	54,359	104,630	158,989
Oklahoma Municipal Power Authority	168,585	170,252	0	0	1,667	0	1,667	19,545	21,212
Higher Education Component Unit	3,350,660	2,969,125	45,311	0	(336,224)	936,404	600,180	4,120,633	4,720,813
Nonmajor Component Units Total	175,781	141,266	2,747	20,000	(11,768)	76,106	64,338	41,454	105,792
Total Component Units	$ 4,652,944	$ 4,252,290	$ 169,537	$ 20,000	$ (211,117)	$ 1,012,510	$ 801,393	$ 4,870,396	$ 5,671,789

The Notes to the Financial Statements are an integral part of this statement.

Legislator Train Ride

On November 15th, 2007, Oklahoma legislators rode a restored historic train from Oklahoma City to Guthrie, Oklahoma's first state capital, to hold a special joint session at the First Legislative Hall. The legislators were greeted by hundreds of Guthrie residents and other Oklahomans when they arrived at the historic train station.

Notes to the Financial Statements

Notes to the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Note 1. Summary of Significant Accounting Policies

The accompanying financial statements of the State of Oklahoma (the "State") have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). In April 2004, the GASB issued Statement 43 *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. This statement establishes uniform financial reporting standards for other postemployment benefit (OPEB) plans. OPEB includes postemployment health care as well as other forms of postemployment benefits when provided separately from a pension plan.

The State was required to implement this GASB financial reporting standard for the fiscal year ended June 30, 2007.

In June 2004 the GASB issued Statement 45 *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This statement establishes governmental employer standards for the measurement, recognition and display of other postemployment benefit (OPEB) activity.

The State is required to implement this standard for the fiscal year ending June 30, 2008. However, the State has elected to follow GASB's recommendation and early implement this standard. The State has adopted the provisions of GASB Statement 45 for the fiscal year ended June 30, 2007. With the implementation of GASB Statement 45 the State has made several transition year disclosures in Note 15 – Other Postemployment Benefits (OPEB).

The accompanying financial statements present the financial position of the State and the various funds and fund types, the results of operations of the State and the various funds and fund types, and the cash flows of the proprietary funds. The financial statements are presented as of June 30, 2007, and for the year then ended. The financial statements include the various agencies, boards, commissions, public trusts and authorities and any other organizational units governed by the Oklahoma State Legislature and/or Constitutional Officers of the State of Oklahoma.

A. Reporting Entity

The State has considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the State. Local school districts (the State's support of the public education system is reported in the General Fund) and other local authorities of various kinds that may meet only one of the criteria for inclusion in this report have not been included.

As required by generally accepted accounting principles, these financial statements present the State of Oklahoma (the primary government) and its component units.

Discrete Component Units

Component units are entities which are legally separate from the State, but are financially accountable to the State, or whose relationships with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. Separately issued independent audit reports may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. The audit reports may also be obtained from the respective component units at the addresses presented on the description page of the Fund Financial Statements section for the Major Component Units, and the description page in the Combining Financial Statement section of this report for the NonMajor Component Units.

The Component Units columns of the government-wide financial statements include the financial data of the following entities:

MAJOR COMPONENT UNITS

CompSource Oklahoma provides a source for workers' compensation insurance for all public and private employers within the state and operates similarly to an insurance company. CompSource is financed through employer premiums. The Board of Managers is comprised of nine members: The Director of State Finance, the Lieutenant Governor, the State Auditor (or their designees), the Director of Central Services, appointees by the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The State can impose its will on the Fund by its ability to remove board members at will. The Fund was audited by other independent auditors for the year ended December 31, 2006, and their report, dated March 22, 2007, has been previously issued under separate cover.

Oklahoma Student Loan Authority provides loan funds to qualified persons at participating educational institutions through the issuance of tax-exempt revenue bonds or other debt obligations. The Authority is composed of five members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2007, and their report, dated September 27, 2007, has been previously issued under separate cover.

Oklahoma Housing Finance Agency is authorized to issue revenue bonds and notes in order to provide funds to promote the development of residential housing and other economic development for the benefit of citizens. In addition, the Agency administers Section 8 Housing Assistance Payments Programs for the U.S. Department of Housing and Urban Development. The Board of Trustees consists of five members appointed by the Governor. The State can impose its will on the Agency by its ability to veto or modify the Agency's decisions. The Agency was audited by other independent auditors for the year ended September 30, 2006, and their report, dated January 31, 2007, has been previously issued under separate cover.

Oklahoma Turnpike Authority constructs, maintains, repairs, and operates turnpike projects at locations authorized by the Legislature and approved by the State Department of Transportation. The Authority receives its revenues from turnpike tolls and a percentage of turnpike concession sales. The Authority issues revenue bonds to finance turnpike projects. The Authority consists of the Governor and six members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 2006, and their report, dated March 16, 2007, has been previously issued under separate cover.

Grand River Dam Authority controls the waters of the Grand River system to develop and generate water power and electric energy, and to promote irrigation, conservation and development of natural resources. The Authority produces and distributes electrical power for sale to customers primarily located in northeastern Oklahoma. The customers consist of rural electric cooperatives, municipalities, industries and off-system sales. The Board of Directors consists of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended December 31, 2006, and their report, dated March 30, 2007, has been previously issued under separate cover.

Oklahoma Municipal Power Authority provides a means for the municipal electric systems in the state to jointly plan, finance, acquire, and operate electrical power supply facilities. Facilities are financed through the issuance of revenue bonds, which are approved by the State's Bond Oversight Commission. Exclusion of the component unit would cause the State's financial statements to be misleading or incomplete. The Authority was audited by other independent auditors for the year ended December 31, 2006, and their report, dated February 23, 2007, has been previously issued under separate cover.

Higher Education Component Unit - This component unit is primarily comprised of the twenty-five colleges and universities that are members of the Oklahoma State System of Higher Education (the System). Sixteen of these colleges and universities have one or more foundations that receive and hold economic resources for the benefit of their associated entity. These foundations are component units of their respective college or university and are included as part of the Higher Education Component Unit. Separately issued independent audit reports for each college, university, foundation, or other included entity may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105. Each institution in the System is governed by a Board of Regents. The Boards of Regents consist of five to ten members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on each institution by its ability to modify and approve their budget. The colleges and universities are funded through state appropriations, tuition, federal grants, and private donations and grants. Also included in the Higher Education Component Unit are the following entities:

- **Oklahoma State Regents for Higher Education** serves as the coordinating board of control for the System. The Board of Regents for Higher Education consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the State Regents for Higher Education by its ability to modify and approve their budget.
- **Board of Regents of Oklahoma Colleges** has legislative powers and duties to manage, supervise, and control operation of the six regional state universities which are the University of Central Oklahoma, East Central University, Northeastern State University, Northwestern Oklahoma State University, Southeastern Oklahoma State University, and Southwestern Oklahoma State University. The Board consists of nine members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Board of Regents by its ability to modify and approve their budget. Each of the six regional state universities has one or more foundations that are component units of their respective university and are included in the Higher Education Component Unit.
- **Ardmore Higher Education Program** was established to make higher education available to those persons who might otherwise not be able to attend an institution of higher learning. Students enrolled in the Program earn credit applicable toward academic degrees and certificates at participating institutions in the System. The Program is administered by a Board of Trustees appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Program by its ability to modify and approve their budget.
- **Rose State College Technical Area Education District, South Oklahoma City Area School District,** and **Tulsa Community College Area School District #18** were created to provide postsecondary vocational, technical, and adult education programs for persons within their defined geographical boundaries. The primary source of operating funds is ad valorem taxes assessed against real property located in their districts. The Districts are component units of Rose State College, Oklahoma City Community College, and Tulsa Community College, respectively.

NONMAJOR COMPONENT UNITS

Oklahoma Educational Television Authority (OETA) was created to "make educational television services available to all Oklahoma citizens on a coordinated statewide basis." The Board of Directors is comprised of thirteen members, seven of which are appointed by the Governor, with the advice and consent of the Senate. A financial benefit/burden relationship exists between the State and the Authority. OETA also has a non-profit foundation that was established to receive private donations and contributions for the benefit of OETA. This foundation qualifies as a component unit of OETA, and is combined with OETA. The Authority was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 11, 2007, has been previously issued under separate cover.

Oklahoma Industrial Finance Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. These loans are secured by first or second mortgages on real estate and equipment. The Authority's loans are financed by issuance of general obligation bonds. The Board of Directors is comprised of seven members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other

independent auditors for the year ended June 30, 2007, and their report, dated October 29, 2007, has been previously issued under separate cover.

Health Insurance High Risk Pool (HIHRP) provides health insurance to individuals who are unable to obtain coverage from independent insurers. HIHRP is financed by assessments levied on independent insurers. The Board consists of nine members appointed by the Insurance Commissioner. The State can impose its will on the Pool by its ability to modify the decisions of the Board. The Pool was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 24, 2007, has been previously issued under separate cover.

Multiple Injury Trust Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury. The State can impose its will on the Fund by its ability to remove management at will. The Fund was audited by other independent auditors for the period ended December 31, 2006, and their report, dated April 20, 2007, has been previously issued under separate cover.

University Hospitals Authority consists of The University Hospital and Children's Hospital of Oklahoma, and their related clinics and other services. The Authority is affiliated with the University of Oklahoma Health Sciences Center whose medical school residents and staff provide patient care, in-service education, and certain administrative duties for the benefit of the Authority. The Authority is governed by a six-member board consisting of appointees of the Governor, Speaker of the House of Representatives, and the President Pro Tempore of the Senate, and officials from the state Medicaid Program, the University of Oklahoma Health Sciences Center and the Authority. A financial benefit/burden relationship exists between the State and the Authority. The Authority was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 30, 2007, has been previously issued under separate cover.

Oklahoma Development Finance Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes. Private entities qualifying for financing are generally agricultural, civic, educational, health care, industrial, or manufacturing enterprises. Financing is also provided to governmental agencies and instrumentalities of the State. The Governing Board is comprised of seven members, of which five are appointed by the Governor, with the advice and consent of the Senate, plus the Director of the Department of Commerce and the State Treasurer. The State can impose its will on the Authority by its ability to veto or modify the Authority's decisions. The Authority was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 19, 2007, has been previously issued under separate cover.

Oklahoma Capital Investment Board assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy. The Board of Directors is comprised of five members appointed by the Governor, with the advice and consent of the Senate. The State can impose its will on the Board by its ability to veto or modify the Board's decisions. The Board, in order to mobilize investments, owns the Oklahoma Capital Formation Company LLC (OCFC), a formerly independent corporation. During fiscal year 2006, the Board purchased 100% of the ownership of the OCFC. In fiscal year 2007 OCFC changed its corporate structure and name from a corporation to an Oklahoma limited liability company (LLC). Operations of the OCFC are included in the financial results of the Board. The Board was audited by other independent auditors for the year ended June 30, 2007, and their report, dated September 10, 2007, has been previously issued under separate cover.

Oklahoma State University Medical Authority is affiliated with the Oklahoma State University Center for Health Sciences to provide funding, teaching and training for graduate medical students. It also serves as a site for conducting medical research by faculty and providing patient care. The board is governed by seven members. Three are appointees of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives respectively. Additional members include the CEO of the Oklahoma Health Care Authority, President of the OSU Center for Health Sciences, CEO of the Authority and an appointee of the President of Oklahoma State University. A financial benefit\burden exists between the Authority and the State. The Authority was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 11, 2007, has been issued under separate cover.

Oklahoma Centennial Commemoration Fund is affiliated with the Capitol Complex and Centennial Commemorative Commission and exists to support the Commission with the planning and financing of the 2007 State Centennial Commemoration. The Fund is administered by a Board of Directors that is appointed by the Commission. The Fund was audited by other independent auditors for the year ended December 31, 2006, and their report, dated June 29, 2007, has been issued under separate cover.

Fiduciary Component Units

Six Public Employee Retirement Systems (PERS) administer pension funds for the State and its political subdivisions. The six PERS are subject to state legislative and executive controls and the administrative expenses are subject to legislative budget controls. One Other Employee Benefit Trust Fund administers health and other benefit plans for the State and its political subdivisions. The benefit trust fund acts as a self-insured plan, and is a component unit of the State. These component units, while meeting the definition of a component unit and are legally separate, are presented in the fund financial statements along with other primary government fiduciary funds of the State. They have been omitted from the government-wide financial statements.

Separately issued independent audit reports are available even though they are excluded from the government-wide financial statements. They may be obtained from the Office of State Finance, 2300 North Lincoln Blvd., Suite 122, Oklahoma City, Oklahoma 73105, or the respective fiduciary component units at the addresses presented on the description page of the combining financial statement section of this report.

Oklahoma Firefighters Pension and Retirement System provides retirement benefits for municipal firefighters. The System is administered by a board comprised of thirteen members: The President of the Professional Fire Fighters of Oklahoma, the President of the Oklahoma State Retired Fire Fighters Association, the State Insurance Commissioner, the Director of State Finance (or their designees), the five members of the Board of Trustees of the Oklahoma Firefighters Association, and appointees by the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 5, 2007, has been previously issued under separate cover.

Oklahoma Law Enforcement Retirement System provides retirement benefits for qualified law enforcement officers. The System is administered by a board comprised of thirteen members: The Assistant Commissioner of Public Safety, the Director of State Finance (or his designee), members of the Department of Public Safety, the Oklahoma State Bureau of Investigation, the Oklahoma State Bureau of Narcotics and Dangerous Drugs Control, and the Alcoholic Beverage Laws Enforcement Commission, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated December 10, 2007, has been previously issued under separate cover.

Oklahoma Public Employees Retirement System administers the Oklahoma Public Employee Retirement Plan which provides retirement benefits for state, county and local employees. The board is comprised of thirteen members: The Chairman of the Corporation Commission, the Administrator of the Office of Personnel Management, the State Insurance Commissioner, the Director of State Finance (or their designees), a member of the State Tax Commission, and appointees by the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 15, 2007, has been previously issued under separate cover.

Uniform Retirement System for Justices and Judges is administered by the Oklahoma Public Employee Retirement System and provides retirement benefits for justices and judges. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated October 15, 2007, has been previously issued under separate cover.

Oklahoma Police Pension and Retirement System provides retirement benefits for police officers employed by participating municipalities. The System is administered by a board comprised of thirteen members: Seven members elected from the seven Districts, the Director of State Finance, the State Insurance Commissioner (or their designees) and appointees by the Governor, the Speaker of the House of Representatives, the President Pro Tempore of the Senate, and the President of the Oklahoma Municipal League. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated September 14, 2007, has been previously issued under separate cover.

Teachers' Retirement System of Oklahoma provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions. The System is administered by a board consisting of the Superintendent of Public Instruction, the Director of the State Department of Vocational and Technical Education, the Director of State Finance (or their designees), and appointees by the Governor, with the advice and consent of the Senate, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives. The System was audited by other independent auditors for the year ended June 30, 2007, and their report, dated November 5, 2007, has been previously issued under separate cover.

State and Education Employees Group Insurance Board is a legal trust that provides group health, life, dental, disability and other benefits to active employees and retirees of the State and certain other eligible participants. The board is self-insured and is financed through employer and employee premiums. The board consists of eight members: The State Insurance Commissioner, the Director of State Finance, and appointees of the Governor, the Speaker of the House of Representatives, and the President Pro Tempore of the Senate. The board was audited by other independent auditors for the year ended December 31, 2006 and their report, dated April 26, 2007, has been previously issued under separate cover.

Related Organizations and Related Parties

Organizations for which a primary government is accountable because the State appoints a voting majority of the board, but is not financially accountable, are considered to be related organizations. The Oklahoma Ordinance Works Authority (OOWA) is a related organization of the State. The State appoints a voting majority of the Trustees of OOWA but has no further accountability.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net assets and the statement of activities) report information for all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function, segment, or component unit are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function, segment, or component unit. Program revenues include charges to customers who purchase, use or directly benefit from goods or services provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function, segment, or component unit. Taxes and other items not properly included among program revenues are reported instead as general revenues. Resources that are dedicated internally are reported as general revenues rather than as program revenues. The State does not allocate general government (indirect) expenses to other functions.

Net assets are restricted when constraints placed on them are either externally imposed or are imposed by constitutional provisions or enabling legislation. Internally imposed designations of resources are not presented as restricted net assets. When both restricted and unrestricted resources are available for use, generally it is the state's policy to use restricted resources first, then unrestricted resources as they are needed.

Separate financial statements are provided for governmental funds, proprietary funds, fiduciary funds and similar component units, and major component units. However, the fiduciary funds are not included in the government-wide

statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide Financial Statements – The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements – The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the state considers revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Principal revenue sources considered susceptible to accrual include federal grants, interest on investments, sales and income taxes, and lease payments receivable. Some revenue items that are considered measurable and available to finance operations during the year from an accounting perspective are not available for expenditure due to the State's present appropriation system. These revenues have been accrued in accordance with generally accepted accounting principles (GAAP) since they have been earned and are expected to be collected within sixty days of the end of the period. Other revenues are considered to be measurable and available only when cash is received by the state.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Modifications to the accrual basis of accounting include:

- Employees' vested annual leave is recorded as an expenditure as it is utilized. Unused reimbursable leave following an employee's resignation or retirement that is unpaid at year end is recognized as an expenditure and a liability of the fund.
- Interest on general long-term obligations is recognized when paid.
- Executory purchase orders and contracts are recorded as a reservation of fund balance.
- Debt service expenditures and claims and judgments are recorded only when payment is due.

Proprietary Funds, Fiduciary Funds and Similar Component Units, and Component Units Financial Statements – The financial statements of the proprietary funds, fiduciary funds and similar component units, and component units are reported using the economic resources measurement focus and the accrual basis of accounting, similar to the government-wide statements described above.

Each proprietary fund has the option under Governmental Accounting Standards Board (GASB), Statement 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting* to elect to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The primary government's three enterprise funds have elected to not apply FASBs issued after the applicable date. Each of the proprietary component units have individually made this election as disclosed in their separate audit reports.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal operating revenues of the state's enterprise funds are the moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits, interest revenue charges for loans made to local entities by the Oklahoma Water Resources Board (OWRB) and the sale of lottery tickets and related chance games by the Lottery Commission. The OWRB reports federal grants as both operating and nonoperating, depending in the types of grants received.

D. Fund Accounting

The financial activities of the State are recorded in individual funds, each of which is deemed to be a separate accounting entity. The State uses fund accounting to report on its financial position and results of operations. Fund accounting is

designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The financial activities of the State that are reported in the accompanying financial statements have been classified into the following major governmental and proprietary funds. In addition, a description of the fiduciary and component units follows.

1. Governmental Funds

General Fund - This fund accounts for all activities of the State not specifically required to be accounted for in other Funds. Included are transactions for services such as education, general government, health services, legal and judiciary, museums, natural resources, public safety and defense, regulatory services, social services, and transportation. Debt service transactions and related cash balances are reported in the General Fund with a reservation of fund balance for debt service.

Commissioners of the Land Office Permanent Fund – This fund accounts for the land and cash granted to the State by the United States Congress for the use and benefit of educational systems in Oklahoma. This fund's assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Department of Wildlife Conservation Permanent Fund – This fund accounts for moneys held in trust for the improvement and preservation of wildlife. The moneys have been accumulated from the sale of lifetime hunting and fishing licenses. This fund's assets are held by the State and only the income derived from the principal may be expended for designated operations. The principal must be preserved intact.

Tobacco Settlement Endowment Permanent Fund – This fund accounts for certain moneys transferred from the General Fund that were received in settlement of claims by the state against tobacco manufacturers. The earnings from these moneys are to be utilized for research, education, prevention and treatment of tobacco related diseases and certain other health programs. The principal must be preserved intact.

2. Proprietary Funds

These funds account for those activities for which the intent of management is to recover, primarily through user charges, the cost of providing goods or services to the general public, or where sound financial management dictates that periodic determinations of results of operations are appropriate.

Employment Security Commission Enterprise Fund - This fund accounts for the deposit of moneys requisitioned for the Oklahoma Unemployment Insurance Trust Fund held by the U.S. Treasury for payment of unemployment benefits.

Oklahoma Water Resources Board Enterprise Fund - This fund is comprised of Oklahoma Water Resources Board and the Department of Environmental Quality bond issues and revolving loan programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Oklahoma Lottery Commission Enterprise Fund – This fund operates the state-wide lottery program and related chance games, seeking to generate additional revenues for the benefit of the State's educational system.

3. Fiduciary Funds and Similar Component Units

The State presents as Fiduciary Funds those activities that account for assets held in a trustee capacity or as an agent for individuals, private organizations or other governmental units.

Pension and Other Employee Benefit Trust Funds - These Funds account for the transactions, assets, liabilities, and net assets of the Wildlife Conservation Retirement Plan in the primary government, six Public Employee Retirement Systems (PERS) and one Other Employee Benefit Trust that meet the definition of a component unit of the state.

Agency Funds - These Funds account for the assets held for distribution by the State as an agent for other governmental units, other organizations or individuals.

4. Component Units

These entities are legally separate from the State but are considered part of the reporting entity. These Funds meet the definition of both a component unit and that of an enterprise fund as previously described. The six Public Employee Retirement Systems (PERS) and one Other Employee Benefit Trust meet the definition of a component unit, but are presented with the other fiduciary funds of the state.

5. Financial Statement Reporting Periods

The accompanying financial statements of the State are presented as of June 30, 2007, and for the year then ended, except for the following funds and entities which were audited by other independent auditors.

CompSource Oklahoma	12-31-06
Multiple Injury Trust Fund	12-31-06
State and Education Employees Group Insurance Board	12-31-06
Oklahoma Transportation Authority	12-31-06
Grand River Dam Authority	12-31-06
Oklahoma Municipal Power Authority	12-31-06
Oklahoma Housing Finance Agency	09-30-06
Oklahoma Centennial Commemoration Fund	12-31-06

E. Budgeting and Budgetary Control

The State's annual budget is prepared on the cash basis utilizing encumbrance accounting. Encumbrances represent executed but unperformed purchase orders. In the accompanying financial statements, encumbrances are recorded as expenditures for budgetary purposes if expected to be presented for payment by November 15 following the end of the fiscal year and as reservations of fund balance for GAAP purposes. Since the budgetary basis differs from generally accepted accounting principles, budget and actual amounts in the accompanying Required Supplementary Information – Budgetary Schedules are presented on the budgetary basis.

The Governor prepares and submits to the Legislature at the beginning of each annual legislative session a balanced budget based on budget requests prepared by the various state agencies. The General Fund is the only Fund for which an annual budget is legally adopted. Budgeted expenditures can not exceed the amount available for appropriation as certified by the State Board of Equalization. The Legislature may modify the Governor's proposed budget as it deems necessary and legally enacts an annual state budget through the passage of appropriation bills. The Governor has the power to approve or veto each line item appropriation.

The legal level of budgetary control is maintained at the line item level (i.e., General Operations, Duties, etc.) identified in the appropriation acts. Budgets may be modified subject to statutory limits on transfers. The Director of State Finance can approve transfers of up to 25% between line items. The Contingency Review Board (a three-member board comprised of the Governor, the President Pro Tempore of the Senate, and the Speaker of the House of Representatives) can approve transfers between line items of up to 40%. All transfers are subject to review by the Joint Legislative Committee on Budget and Program Oversight to determine if the transfer tends to effectuate or subvert the intention and objectives of the Legislature.

Current policy allows agencies to use unexpended moneys for one-time purchases or non-recurring expenditures in the next fiscal year. This policy provides an incentive for agency managers to distribute resources efficiently; however, it is subject to annual approval by the Legislature. Unexpended balances not carried forward to the new fiscal year by November 15 may: 1) lapse to unrestricted balances and be available for future appropriation, 2) lapse to restricted balances and be available for future appropriations restricted for specific purposes as defined by statute, or 3) be non-fiscal, and may be spent from one to thirty months from the date of appropriation.

If funding sources are not sufficient to cover appropriations, the Director of State Finance is required to reduce the budget by the amount of such deficiency. Any other changes to the budget must be approved by the Legislature in a supplemental appropriation. All fiscal year 2007 appropriated line items were within their authorized spending level.

F. Cash and Cash Equivalents

The State uses a pooled cash concept in maintaining its bank accounts. All cash is pooled for operating and investment purposes and each fund has relative equity in the pooled amount. For reporting purposes, cash and related time deposits have been allocated to each fund based on its equity in the pooled amount. Interest earned on investments is allocated to the General Fund except for those investments made specifically for the proprietary fund type, fiduciary fund type, proprietary component units, and higher education component unit, for each of which investment revenue is allocated to the investing fund.

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The State Treasurer also promulgates all rules and regulations regarding the amount of collateral securities that must be pledged to secure public deposits.

The Oklahoma Employment Security Commission Trust Fund is maintained to account for the collection of unemployment contributions from employers and the payment of unemployment benefits to eligible claimants. As required by Federal law, all resources not necessary for current benefit payments are placed on deposit with the U.S. Treasury. Interest from these resources is retained in the Fund.

For purposes of reporting cash flows, cash equivalents are defined as short-term, highly liquid investments with a maturity of three months or less that are readily convertible to cash.

G. Investments

Investments, which may be restricted by law or legal instruments, are under control of either the State Treasurer or other administrative bodies as determined by law.

Investments are generally stated at fair value in accordance with GASB Statement 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.*

H. Receivables

Accounts receivable in all funds report amounts that have arisen in the ordinary course of business and are stated net of allowances for uncollectible amounts.

Governmental fund type receivables consist primarily of amounts due from the Federal government. Interest and investment revenue receivable in all funds consist of revenues due on each investment. Taxes receivable in governmental funds represent taxes subject to accrual, primarily income taxes and sales taxes, which are collected within sixty days after year end. Lease payments receivable in the General Fund consists primarily of capital lease payments due for equipment and railroad lines owned by the Department of Transportation. Collectability of these lease payments is reasonably assured and no allowance for uncollectible amounts has been established.

Taxes receivable in enterprise funds represents unemployment taxes due at year end, net of an allowance for uncollectible amounts. The uncollectible amounts are based on collection experience and a review of the status of existing receivables.

I. Inter/Intrafund Transactions

Interfund Transactions - The State has two types of interfund transactions.

- Services rendered transactions are accounted for as revenues and expenditures or expenses in the funds involved.

- Operating appropriations/subsidies are accounted for as transfers in the funds involved.

Intrafund Transactions - Intrafund transfers, as a result of contracts among departments and/or agencies within the same fund, are considered expenditures by the contractor and revenues by the contractee for budgetary purposes. The Required

Supplementary Information – Budgetary Schedules includes these transactions. However, as a general rule recorded intrafund revenues and expenditures have been eliminated in the GAAP-basis government wide financial statements. A portion of motor fuel excise taxes collected on fuels consumed on the State's turnpikes is made available to the Oklahoma Transportation Authority (OTA) from the Oklahoma Tax Commission. These taxes are apportioned to OTA monthly to fund debt service, but only to the extent amounts are not otherwise available to OTA. If the motor fuel excise taxes apportioned to OTA are not needed in the month of apportionment, the taxes are transferred to the Department of Transportation (DOT). Before these monthly transfers were mandated, a balance owed to DOT had accumulated and at year end this balance is presented as a noncurrent Due to Other Funds on the financial statements of OTA.

J. Inventories

Inventories of materials and supplies are determined both by physical counts and through perpetual inventory systems. Generally, inventories are valued at cost and predominantly on either the first-in first-out or weighted average basis. Inventories of federal surplus properties are valued at a percentage of federal acquisition cost. General fund inventories are recorded as expenditures when consumed rather than when purchased by recording adjustments to the inventory account on the balance sheet. The general fund inventories on hand at year-end are reflected as a reservation of fund balance on the balance sheet, except for $1,283,000 in food commodities which is recorded as inventory and deferred revenue. Upon distribution, the food commodities are recognized as revenues and expenditures of the general fund.

The value of the inventory of food commodities in the general fund is calculated by using a weighted average cost based on the U.S. Department of Agriculture commodity price list at the inventory receipt date. The value of the inventory of food stamps in the general fund is valued at coupon value.

Higher education component unit inventories are stated at the lower of cost or market, with cost being determined on either the first-in first-out or average cost basis.

K. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (which is normally immovable and of value only to the state, such as roads, bridges, streets and sidewalks, drainage systems, lighting systems, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the state as assets which have a cost of $25,000 or more at the date of acquisition and have an expected useful life of five or more years. Purchased and constructed capital assets are valued at historical cost or estimated historical cost. Donated fixed assets are recorded at their fair market value at the date of donation.

The estimates of historical costs of buildings and other improvements were based on appraised value, as of August 4, 1994, indexed to the date of acquisition. Infrastructure constructed prior to July 1, 2000 has been recorded at estimated historical cost. The estimated historical cost for years 1916-2000 was based on capital outlay expenditures reported by the Oklahoma Department of Transportation and the Federal Highway Administration, less an amount estimated for the historical cost of the acquisition of land for right-of-way. The costs of normal maintenance and repairs that do not add to the asset's value or materially extend as asset's useful life are not capitalized. Interest incurred during construction of capital facilities is not capitalized.

Capital assets utilized in the governmental funds are recorded as expenditures in the governmental fund financial statements. Depreciation expense is recorded in the government-wide financial statements, as well as the proprietary funds and component units financial statements.

Capital assets of the primary government and the component units are depreciated on the straight-line method over the assets' estimated useful life. There is no depreciation recorded for land and construction in progress. Generally, estimated useful lives are as follows:

Machinery and Equipment	3 - 20 years
Buildings and Other Improvements	7 - 60 years
Infrastructure	30 years

Collections and works of art are not included in capital assets of the Primary Government on the Statement of Net Assets. GASB Statement No. 34 does not require capitalization of collections if they meet all of the following criteria: held for

public exhibition, education, or research in furtherance of service, rather than financial gain; protected, kept unencumbered, cared for, and preserved; and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State elected not to capitalize collections and works of art since they meet all of the above conditions.

L. Other Assets

Included in other assets (noncurrent for component units) are costs to be recovered from future revenues. Certain items included in the operating costs of **Grand River Dam Authority**, an unregulated enterprise, are recovered through rates set by the Board of Directors. Recognition of these costs, primarily depreciation on debt funded fixed assets, amortization of debt discount and expense, and amortization of losses on advance refunding of long-term debt, is deferred to the extent that such costs will be included in rates charged in future years. The **Oklahoma Municipal Power Authority** (OMPA) enters into power sales contracts with participating municipalities that provide for billings to those municipalities for output and services of the projects. Revenues from these contracts provide for payment of current operating and maintenance expenses (excluding depreciation and amortization), as well as payment of scheduled debt principal and interest, and deposits into certain funds as prescribed in the bond resolutions. For financial reporting purposes, OMPA currently recognizes depreciation of assets financed by bond principal and amortization expense. The difference between current operating expenses and the amounts currently billed under the terms of the power sales contracts are deferred to future periods in which these amounts will be recovered through revenues.

M. Deferred Revenue

Deferred revenues at the fund level arise when potential revenue does not meet the available criterion for recognition in the current period. Available is defined as due (or past due) at June 30, and collected within 60 days thereafter to pay obligations due at June 30. Deferred revenues also arise when resources are received by the State before it has a legal claim to them. In subsequent periods, when the revenue recognition criterion is met, or when the State has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet, and revenue is recognized. Deferred revenues at the government-wide level arise only when the State receives resources before it has a legal claim to them. Also included in deferred revenue at both levels are the undistributed food commodity inventories.

N. Compensated Absences

Employees earn annual vacation leave at the rate of 10 hours per month for the first 5 years of service, 12 hours per month for service of 5 to 10 years, 13.33 hours per month for service of 10 to 20 years, and 16.67 hours per month for over 20 years of service. Unused annual leave may be accumulated to a maximum of 480 hours. All accrued annual leave is payable upon termination, resignation, retirement, or death. The governmental fund financial statements record expenditures when employees are paid for leave. The government-wide financial statements present the cost of accumulated vacation leave as a liability. The liability is valued based on current rate of pay. There is no liability for unpaid accumulated sick leave since the state does not have a policy to pay this amount when employees separate from service.

O. Risk Management

The Risk Management Division of the Department of Central Services is responsible for the acquisition and administration of all insurance purchased by the State, or administration of any self-insurance plans and programs adopted for use by the State or for certain organizations and bodies outside of state government, at the sole expense of such organizations and bodies.

The Risk Management Division is authorized to settle claims of the State and oversee the dispensation and/or settlement of claims against a state political subdivision. In no event shall self-insurance coverage exceed the limitations on the maximum dollar amount of liability specified by the Oklahoma Governmental Tort Claims Act. The Risk Management Division oversees the collection of liability claims owed to the State incurred as the result of a loss through the wrongful or negligent act of a private person or other entity.

The Risk Management Division is also charged with the responsibility to immediately notify the Attorney General of any claims against the State presented to the Risk Management Division.

P. Federal Grants

In addition to monetary transactions, Federal grants also include non-monetary transactions for surplus inventory, food stamps, food, and other commodities. Surplus inventory is valued at a percentage of government acquisition cost. Food stamps are valued at coupon value. Commodities are valued at their federally reported value in the General Fund.

Q. Long-Term Obligations

Premiums, Discounts and Issuance Costs – In the government-wide financial statements, long-term debt and other long-term obligations are presented in the columns for governmental and business-type activities. The same is presented in the proprietary fund financial statements. Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt. Bonds and notes payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges in other assets and are amortized over the term of the related debt.

In the governmental fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Arbitrage Rebate Liability – The enterprise funds and component units account for any arbitrage rebate payable as a liability of the fund.

R. Governmental Activities

Per a review of State agencies, it was determined that the activities of the Oklahoma Health Care Authority, Department of Veteran Affairs, and the J.D. McCarty Center are more accurately reflected in the Health Services function of government instead of Social Services. Beginning with the fiscal year ended June 30, 2005, these agencies are reported as a function of Health Services. This will affect the comparability of activities with years prior to 2005.

S. Governmental Fund – Fund Balance Reserves and Designations

The governmental fund financial statements present fund balance reserves for those portions of fund balance (1) not available for appropriation for expenditure or (2) legally segregated for a specific future use. The reserves for related assets such as inventories and prepayments are examples of the former. Reserves for encumbrances, contracts, and other specific purposes are examples of the latter. The governmental funds' designation of fund balance reflects tentative plans for future use of financial resources.

As further explained in item J above, the general fund inventory includes $1,283,000 in food commodities which is also included in deferred revenue. Therefore, the reservation of fund balance for inventory/prepaid on the balance sheet is $1,283,000 less than the total of inventory and prepaid items.

T. Deficit Fund Balance – Multiple Injury Trust Fund/Oklahoma Capital Investment Board

The Multiple Injury Trust Fund (MITF), a component unit, continues to operate in a deficit situation. MITF had total net liabilities (negative net assets) of $161,719,000 at December 31, 2006. Legislation was passed in May 2000 providing new funding for MITF through an assessment on gross premiums on workers compensation policies written by insurance carriers and an assessment on disability awards paid by self-insured employers, and further limits future awards against MITF to claimants that timely filed injury claims that occurred before June 1, 2000, against their employer. These claimants have no time limitation for filing against MITF. No new claims related to injuries subsequent to June 1, 2000, can be filed. Funding is to continue until the Board of Managers of the CompSource Oklahoma, pursuant to an independent actuarial audit, has certified that there are sufficient funds to satisfy all outstanding obligations of MITF.

The Oklahoma Capital Investment Board (OCIB), a component unit, operated at a deficit for the fiscal year. In fiscal year 2006 the OCIB purchased 100% of the ownership of the Oklahoma Capital Formation Company LLC (OCFC), a formerly blended entity. This purchase brought on the long-term liabilities of the OCFC, and as a result, puts the OCIB in a negative net asset position. For the fiscal year ended June 30, 2007, the OCIB had negative net assets of $11,708,000. The OCIB takes a long-term approach to economic stimulation, and it is anticipated that a negative net asset balance could persist well into the future.

Note 2. Deposits and Investments

The State Treasurer maintains two investment portfolios. The Treasurer's Portfolio, which is used to manage the investments of all State monies that are under the control of the Treasurer where earnings accrue to the general fund of the State, and the State Agency Portfolio, for the investment of a limited number of state agencies specifically authorized by statute to direct the activities of certain funds and accounts where the earnings accrue to those funds and accounts. Ancillary to the Treasurer's Portfolio is an internal investment pool, OK INVEST, for all state funds and agencies that are considered part of the State of Oklahoma. All cash balances held through the State Treasurer for the Primary Government, Component Units and Fiduciary Funds earn a return through the OK INVEST pool program.

In accordance with statutes, the State Treasurer's investment policy allows investments in the following categories:

United States Treasury Bills, Notes and Bonds
United States Government Agency Securities
Prime banker's acceptances
Investment grade obligations of state and local governments
Short-term bond funds
Foreign Bonds
Collateralized or insured certificates of deposit
Negotiable certificates of deposit
Prime commercial paper
Repurchase agreements
Money market funds

The State Treasurer's investment policy attempts to reduce portfolio risk through diversification by security, institution and maturity. With the exception of U.S. Treasury securities, no more than 50% of the State's total funds available for investment will be invested in a single security or with a single financial institution. In addition, the Treasurer's investments will not have an average maturity greater than 4 years unless specifically otherwise designated by the Treasurer. The following table outlines the State Treasurer's diversification limits designed to control various types of risk:

Investment Type	Percentage of Total Invested	Percentage of Total by Issuer	Maturity Limit	Rating
U.S Treasury bills, Notes and Bonds	No Limit	No Limit	5 years	N/A
U.S Government Agency Securities	60%	35.0%	5 years	AAA
Collateralized or Insured Certificates of Deposit	Limit of $35 Million per financial institution		365 Days	N/A
Negotiable Certificates of Deposit	7.5%	2.5%	180 Days	A-1
Bankers Acceptance	7.5%	2.5%	270 Days	A-1
Commercial Paper	7.5%	2.5%	180 Days	A-1
State and Local Government Obligations	5%	2.5%	30 Years	N/A
Repurchase and Tri-party Repurchase Agreements	30%	15%	14 Days	A-1
Money Market Mutual Funds	30%	15%	1 day	AAA
Foreign Bonds	2.50%	2.50%	5 years	A-

The Primary Government's three permanent funds, Commissioners of the Land Office, Department of Wildlife Lifetime Licenses and the Tobacco Settlement Endowment, all have investment goals and horizons that differ from the State Treasurer. Accordingly, the investment policies for the permanent funds allow for broader classes of investments as well as extended dates of maturity.

The Employment Security Commission, Water Resources Board and Lottery Commission are the three business-type activities within the primary government. These agencies generally have investment policies that correlate to the operations and services that they perform. The Employment Security Commission generally will not invest outside of U.S. Government securities, and typically maintains deposit balances only. The Water Resources Board and Lottery Commission both operate with longer investment horizons and as part of normal operations will attempt to match maturities of investments with the approaching maturity of liabilities.

Due to the nature of the internal investment pool, ownership of investments cannot be assigned to individual funds, including the Pension and Other Employee Benefit Trust Funds and Component Units. The investment pool also holds securities purchased with cash collateral from securities lending, which are not assigned to individual funds. For these reasons, total investments will not tie to the financial statements for the Primary Government. The following table details the investments held by the Primary Government at June 30, 2007(expressed in thousands).

Investments - Primary Government

Investment Type	General Government	Permanent Funds	Business-Type Activities	Total Primary Government
POOLED INVESTMENTS				
US Treasury	$ 1,108,470	$ -	$ 2,048	$ 1,110,518
US Agency	2,636,528	-	-	2,636,528
Repurchase Agreements	774,000	-	-	774,000
Money Market Mutual Funds	481,250	36,688	-	517,938
Securities Lending Collateral Pool	2,880,961	-	-	2,880,961
Mutual Funds	1,981	-	-	1,981
Certificates of Deposit	372,014	-	-	372,014
State Bond Issues	94,940	-	-	94,940
	-		-	-
NON-POOLED INVESTMENTS	-		-	-
US Treasury	5,096	134,504	-	139,600
US Agency	-	188,185	-	188,185
Domestic Corporate Bonds	-	673,321	-	673,321
Foreign Corporate Bonds	10,000	2,366	-	12,366
Domestic Equities	27,593	835,171	-	862,764
Foreign Equities	-	58,298	-	58,298
Other	-	8,236	-	8,236
Money Market Mutual Funds	118,858	53,892	-	172,750
Guaranteed Investment Contracts	-	-	286,598	286,598
Totals	$ 8,511,691	$ 1,990,661	$ 288,646	$ 10,790,998

Fiduciary Funds and Similar Component Units

The Fiduciary Funds of the State have investment goals that vary significantly from the Primary Government. Due to the longer term nature of these funds, investment options are broader and maturities can be longer than that of the Primary Government. Generally, these funds have investment policies allowing for investments in stocks, bonds, fixed income securities and other investment securities including commingled, mutual and index funds. Generally, policies allow for a portion of investments to be held in securities of foreign companies and countries. Policies also generally allow for portions of the total portfolio to be held in derivatives and derivative like investments such as U.S. Treasury Strips, collateralized mortgage obligations, convertible securities and variable rate instruments.

Component Units

The Component Units of the State have varied investment goals based on the demands of their specific enterprise, and commonly have investment policies that allow for broader asset classes and longer maturities than that of the Primary Government. Various finance authorities invest in an attempt to match targeted returns to the maturity of liabilities. The Higher Education Component Unit is comprised of numerous foundations that invest in order to maximize gains for the institutions that they support. These foundations may also hold assets of different classes as part of donor restrictions and

covenants. The following table outlines the Component Units' investment holdings at June 30, 2007 (expressed in thousands).

Investments - Component Units

Investment Type	Total Component Units
US Treasury	$ 716,409
US Agency	228,975
Domestic Debt Instruments	1,292,467
Foreign Corporate Bonds	19,661
State and Local Gov't Debt Instruments	1,840
Domestic Equities and Equity Funds	1,212,464
Foreign Equities	14,242
Other	1,123,333
Money Market Mutual Funds	119,580
Guaranteed Investment Contracts	106,428
	$ 4,835,399

A. Custodial Credit Risk

Custodial Credit Risk is the risk that in the event of the failure of counterparty, the State will not be able to recover the value of its investments. Deposits are exposed to custodial credit risk if they are uninsured and uncollateralized. Investment securities are exposed to custodial credit risk if they are uninsured, not registered in the name of the State, or counterparty or the counterparty's trust department but not in the State's name.

Primary Government

The State Treasurer requires that financial institutions deposit collateral securities to secure the deposits of the State in each such institution. The amount of collateral securities to be pledged for the security of public deposits is established by rules promulgated by the State Treasurer. In accordance with the Office of State Treasurer's policies, the amount of collateral securities to be pledged by financial institutions through the State Treasurer's Office are pledged at market value and must be at 110% of value to collateralize the amount on deposit, less any federal insurance coverage. All investments held by the State Treasurer are insured, registered, or held in the name of the State Treasurer.

As of June 30, 2007, the Primary Government's bank balances of deposits are fully insured or collateralized with securities held by an agent of the State in the State's name. In addition to these deposits, the State has approximately $809,103,000 on deposit with the U.S. Government. These funds represent unemployment insurance taxes collected from Oklahoma employers that are held by the U.S. Treasury. The book value of deposits does not materially differ from the bank balance.

Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds, fiduciary component units of the State, have investment policies that do not specifically address custodial credit risk of deposits and investments. However, each Pension Trust Fund utilizes multiple investment managers and limits cash and short-term investments to no more than 5% of each investment manager's portfolio. At June 30, 2007, the Pension and Other Employee Benefit Trust Funds had deposits and cash equivalents of $756,491,000 of which $587,491,000 were uninsured and uncollateralized.

Component Units

Generally, the Component Units of the State have investment policies that do not specifically address or limit custodial credit risk of deposits and investments. All Component Units typically follow the diversification and securitization of deposit policies defined by the State Treasurer in an effort to minimize custodial credit risk. At June 30, 2007, the Component Units had $11,993,000 of custodial credit risk through letters of credit collateral for securities lent.

B. Credit Risk

Fixed-income securities are subject to credit risk. Credit quality rating is one method of assessing the debt instrument issuer's ability to meet its obligation. The State, its Fiduciary Funds and Component Units utilize the credit quality ratings issued by either Moody's, Standard and Poor's, or Fitch in determining the risk associated with its fixed-income investments. Obligations of the U.S. Government or explicitly guaranteed by the U.S. Government are not considered to have credit risk. Certain debt instruments are commingled investments that do not have an applicable credit risk rating. These investments are presented as not rated in the accompanying tables.

Primary Government

As outlined in an earlier table, the State Treasurer seeks to hold investments with a rating of A or higher as rated by Moody's. Generally, the permanent funds and the business-type activities seek to maintain the same or higher rating. The Water Resources Board, which has a high concentration of investments with one issuer, requires that issuer to maintain an average credit rating of AA or higher. Should this issuers rating fall below AA, it is required to collateralize the guaranteed investments sufficient to maintain an AA rating on the contracts. At June 30, 2007, the Primary Government had the following investments subject to credit risk (expressed in thousands):

Credit Risk - Primary Government

Investment Rating Moody's/S&P/Fitch	US Government Securities	Treasury, Agency and Municipal Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	$ -	$ 3,032,270	$ 678,432	$ 313	$ 3,711,015
Aa/AA/AA	-	-	17,217	-	17,217
A/A/A	-	-	779,703	501	780,204
Baa/BBB/BBB	-	-	110,534	157	110,691
Ba/BB/BB	-	-	474,820	1,110	475,930
B/B/B	-	-	20,308	285	20,593
Caa/CCC/CCC	-	-	11,786	-	11,786
Not Rated	-	-	331,807	10,000	341,807
Credit Risk Not Applicable	1,137,501	-	-	-	1,137,501
Total	$ 1,137,501	$ 3,032,270	$ 2,424,607	$ 12,366	$ 6,606,744

Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds typically hold a significant portion of assets in the form of debt instruments. Each Pension and Other Employee Benefit Trust Fund has an investment policy governing their credit risk exposure. Generally, at the time of purchase, investments in domestic fixed-income investments must carry the highest rating (either Aaa, AAA or AAA) as determined by the national rating organizations. International debt instruments must be Baa or BBB at the time of purchase. Overall, each investment policy generally requires that an average credit quality rating of A or higher be maintained for total debt instrument holdings. At June 30, 2007, the Pension and Other Employee Benefit Trust Funds had the following credit risk exposure (expressed in thousands):

Credit Risk - Pension Trust Funds

Investment Rating Moody's/S&P/Fitch	US Government Securities	Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	$ -	$ 270,261	$ 54,403	$ 1,115,985	$ 10,631	$ 1,451,280
Aa/AA/AA	-	11,438	15,295	246,108	2,073	274,914
A/A/A	-	-	12,770	154,616	12,689	180,075
Baa/BBB/BBB	-	8,130	5,879	225,438	9,999	249,446
Ba/BB/BB	-	-	2,556	64,441	4,040	71,037
B/B/B	-	-	371	31,802	4,353	36,526
Caa/CCC/CCC	-	-	-	7,494	-	7,494
Ca./CC/CC	-	-	-	-	-	-
C/C/C	-	-	-	28	-	28
Not Rated	-	988,207	555	547,655	2,799	1,539,216
Credit Risk Not Applicable	2,620,378	-	-	-	-	2,620,378
Total	$ 2,620,378	$ 1,278,036	$ 91,829	$ 2,393,567	$ 46,584	$ 6,430,394

Component Units

The Component Units usually hold a significant portion of their respective portfolios in debt instruments. Each Component Unit has an investment policy governing credit risk. As a general rule, the Component Units have more liberal investment policies than the Primary Government that allow for greater levels of credit risk regarding debt securities. Foundations within the Higher Education Component Unit also hold a significant portion of their total debt portfolio as either bond funds or money market mutual funds. These debt instruments are generally pooled or commingled investments and are not subject to credit risk disclosures. Investments in U.S. Government securities are not subject to credit risk. At June 30, 2007, the Component Units had the following credit risk exposure (expressed in thousands).

Credit Risk - Component Units

Investment Rating Moody's/S&P/Fitch	US Government Securities	Treasury, Agency and Municipal Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Aaa/AAA/AAA	$ -	$ 191,277	$ 913,045	$ -	$ 1,104,322
Aa/AA/AA	-	-	140,979	19,582	160,561
A/A/A	-	-	166,924	72	166,996
Baa/BBB/BBB	-	-	85,663	-	85,663
Ba/BB/BB	-	-	140	-	140
B/B/B	-	-	-	-	-
Caa/CCC/CCC	-	-	-	-	-
Not Rated	-	50,062	211,724	7	261,793
Credit Risk Not Applicable	705,885	-	-	-	705,885
Total	$ 705,885	$ 241,339	$ 1,518,475	$ 19,661	$ 2,485,360

C. Concentration of Credit Risk

Primary Government

The State Treasurer's investment policy seeks to mitigate concentration of credit risk through targeted diversification limits as outlined earlier in this note. With the exception of US Treasury securities, no more than 50% of the State's total funds available for investment will be invested in a single security type or with a single financial institution. The Water Resources Board, a business-type activity of the primary government, has no policy limiting amounts that may be invested in one issuer. At June 30, 2007, the Board held Guaranteed Investment Contracts issued by Transamerica Occidental Life Insurance Co. /Transamerica Life Insurance and Annuity Co. in the amount of $269,736,000 or 91% of its portfolio. Additionally, $12,910,000, or 4% of the portfolio was invested in Guaranteed Investment Contracts issued by Financial Security Assurance.

D. Interest Rate Risk

Interest Rate Risk is the risk that changes in interest rates will adversely affect the fair value of an investment or deposit. Duration is a measure of a debt instrument's exposure to fair value changes arising from changes in interest rates based on the present value of future cash flows, weighted for those cash flows as a percentage of the investment's full price. Modified duration estimates the sensitivity of a bond's price to interest rate changes. The State, its fiduciary funds and component units use either duration, modified duration or weighted average years outstanding as the standard measures for assessing interest rate risk. Generally, the longer the duration or years outstanding, the greater sensitivity an investment has to interest rate risk.

Primary Government

As outlined in a previous table, the State Treasurer follows an investment policy seeking to keep the average maturity for its entire portfolio to less than 4 years. The permanent funds and the business-type activities of the Primary Government do not have the same liquidity demands as the Treasurer, and as a matter of policy are not as restrictive regarding maturities. At June 30, 2007, the Primary Government had the following investments with maturities (expressed in thousands):

Interest Rate Risk - Primary Government

Weighted Average Years to Maturity	US Government Securities	Treasury, Agency and Municipal Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year Weighted Average to Maturity	$ 280,564	$ 104,689	$ 1,367,662	$ 10,000	$ 1,762,915
1 - 5 years	843,125	2,744,988	146,902	2,366	3,737,381
5 - 10 years	9,239	45,442	293,398	-	348,079
10 or more years	4,573	137,151	231,120	-	372,844
No Maturity or Not Applicable	-	-	385,525	-	385,525
Total	$ 1,137,501	$ 3,032,270	$ 2,424,607	$ 12,366	$ 6,606,744

Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds generally do not have a formal investment policy on interest rate risk. However, interest rate risk is generally controlled through diversification of portfolio management styles. Each Trust Fund reviews the performance of each investment manager, and monitors the interest rate risk as part of the performance assessment. At June 30, 2007, the Trust Funds had the following exposure to interest rate risk (expressed in thousands):

Interest Rate Risk - Pension Trust Funds

Duration or Weighted Average Years	US Government Securities	Treasury, Agency and Municipal Securities	International Government Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year duration	$ 104,698	$ 192,750	$ 5,643	$ 28,177	$ 2,767	$ 334,035
1 - 5 years	133,393	3,752	43,387	254,560	16,307	451,399
5 - 10 years	769,001	823,468	24,779	759,596	17,380	2,394,224
10 or more years	1,358,911	258,066	18,020	1,002,223	10,130	2,647,350
No Duration	254,375	-	-	349,011	-	603,386
Total	$ 2,620,378	$ 1,278,036	$ 91,829	$ 2,393,567	$ 46,584	$ 6,430,394

Component Units

The State's Component Units typically have board approved investment policies designed to manage exposure to fair value losses that arise from interest rate risk. The policies of the various Component Units can differ significantly, since each investment policy is designed to match the portfolio objectives for that Component Unit. A substantial portion of the Component Units' holdings in debt instruments is in money market mutual funds and bond mutual funds with demand maturities, and consequently have been presented below as not having an applicable maturity. On June 30, 2007, the Component Units had the following interest rate risk exposure (expressed in thousands).

Interest Rate Risk - Component Units

Weighted Average Years to Maturity	US Government Securities	Treasury, Agency and Municipal Securities	US Corporate Debt Instruments	International Debt Instruments	Total
Less than 1 year Weighted Average to Maturity	$ 270,742	$ 78,354	$ 47,965	$ -	$ 397,061
1 - 5 years	357,148	89,651	640,277	72	1,087,148
5 - 10 years	55,482	21,586	60,144	19,582	156,794
10 or more years	10,307	33,820	67,019	-	111,146
No Maturity or Not Applicable	12,206	17,928	703,070	7	733,211
Total	$ 705,885	$ 241,339	$ 1,518,475	$ 19,661	$ 2,485,360

D. Foreign Currency Risk

Foreign currency risk is the risk that changes in currency exchange rates will adversely affect the fair value of a deposit or investment. The State, its fiduciary funds and component units typically make investments in foreign securities to achieve an additional level of diversification within the various portfolios under management. Foreign currencies held as cash and cash equivalents are usually held to limit losses in foreign investments due to fluctuations in currency values.

Primary Government

The Primary Government does not invest in international securities as a matter of general policy; however, the permanent funds have policies that will typically allow a portion of the total portfolio to be invested in international securities in an effort to improve diversification and total returns. The business-type activities investing policies do not specifically address foreign investments, and they will typically not hold any international securities. At June 30, 2007, the Primary Government had the following foreign currency risk (expressed in thousands):

Foreign Currency Risk - Primary Government

Currency	Equities	Debt Instruments	Total
Australian dollar	$ 1,575	$ -	$ 1,575
British pound sterling	12,673	-	12,673
Canadian dollar	545	393	938
Cayman dollar	-	971	971
Danish krone	1,029	-	1,029
Euro	24,975	553	25,528
Hong Kong dollar	1,013	-	1,013
Israeli shekel	763	-	763
Japanese yen	9,811	-	9,811
Korean won	1,038	-	1,038
Mexican peso	53	-	53
Norwegian krone	1,631	-	1,631
Singapore dollar	750	450	1,200
Swedish krona	1,639	-	1,639
Swiss franc	802	-	802
Totals	$ 58,297	$ 2,367	$ 60,664

Fiduciary Funds and Similar Component Units

The Pension and Other Employee Benefit Trust Funds generally have investment policies regarding limits on the amount of foreign securities that can be held within their respective portfolios. The Trust Funds have a significantly longer time frame for achieving their investment goals, and investments in foreign securities offer an additional level of diversification, as well as provide the opportunity for increased returns. Typically, holdings in foreign currencies are used to limit losses on foreign securities due to currency fluctuations. The Trust Funds had the following foreign currency risk at June 30, 2007(expressed in thousands):

Foreign Currency Risk - Pension Trust Funds

Currency	Equities	Debt Instruments	Cash and Equivalents	Total
Australian dollar	$ 63,107,825	$ 781,415	$ 259,362	$ 64,148,602
Brazilian real	3,783,366	-	1,005	3,784,371
British pound sterling	362,036,693	7,116,489	2,938,414	372,091,596
Bulgarian lev	450,000	-	57,000	507,000
Canadian dollar	55,799,287	1,634,000	(364,119)	57,069,168
Czech koruna	2,612,661	-	61,000	2,673,661
Danish krone	10,730,543	612,000	110,519	11,453,062
Eqyptian pound	411,825	-	109,930	521,755
Euro	899,683,528	22,410,521	14,480,116	936,574,165
Hong Kong dollar	76,931,686	-	93,567	77,025,253
Hungarian forint	9,663,377	-	48,824	9,712,201
Iceland krona	-	1,761,484	-	1,761,484
Indonesian rupiah	151,720	-	55,689	207,409
Japanese yen	430,262,495	34,345,774	2,566,030	467,174,299
Malaysian ringgit	3,378,773	-	-	3,378,773
Mexican peso	10,140,945	678,000	36,260	10,855,205
New Israeli shekel	1,502,157	-	-	1,502,157
New Taiwan dollar	8,559,093	-	48	8,559,141
New Turkish lira	2,657,121	-	(200,235)	2,456,886
New Zealand dollar	12,652,018	845,000	4,798	13,501,816
Norwegian krone	21,650,260	5,369,676	295,702	27,315,638
Philippines peso	41,401	-	745	42,146
Polish zloty	12,350,636	-	(7)	12,350,629
Romanian leu	1,710,000	-	-	1,710,000
Russian rubel	1,051,117	-	-	1,051,117
Singapore dollar	9,033,462	-	-	9,033,462
South African rand	7,248,541	-	-	7,248,541
South Korean won	55,611,879	-	94	55,611,973
Swedish krona	29,505,631	4,105,939	36,537	33,648,107
Swiss franc	144,943,333	1,732,866	120,555	146,796,754
Thai baht	3,233,376	-	4,409	3,237,785
Turkish lira	1,573,625	-	-	1,573,625
Ukraine Hryvana	801,000	-	-	801,000
Yuan Renminbi	-	-	(744)	(744)
Totals	$ 2,243,269,374	$ 81,393,164	$ 20,715,499	$ 2,345,378,037

Securities Lending Transactions – Primary Government

State statute Title 62, Section 90 authorizes the State Treasurer's Office to participate in securities lending transactions. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. All securities held by Northern Trust Company, as trustee or custodian, may be lent in the securities lending program unless specifically excluded by the State Treasurer's Office.

During the fiscal year ended June 30, 2007, securities lending agents lent primarily U.S. Government securities. Cash and U.S. Government securities were provided as collateral for the securities lent. Generally, collateral must equal at least 100% of the fair value of the securities loaned. At June 30, 2007, the fair value of the securities on loan was approximately $2,762,697,000. The underlying collateral for these securities had a market value of approximately $5,045,963,000. Collateral of U.S. Government securities represented approximately $2,165,002,000 of the total collateral. Because these securities cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in U.S. Government securities and is included as an asset on the balance sheet with an offsetting liability for the return of collateral.

At June 30, 2007, there was no credit risk exposure to borrowers because the amounts the Primary Government owes the borrowers exceed the amounts the borrowers owe the Primary Government. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with cash collateral.

The Tobacco Trust Fund, a permanent fund of the state, participates in securities lending as defined by its investment policy. During the year, the Tobacco Trust lent U.S. Government securities, corporate debt and domestic and foreign equities. Collateral was provided as cash for securities lent. Collateral must equal at least 102% of the market value of securities lend unless the principal market for the collateral is outside the United States, in which case a margin of 105% must be maintained. At June 30, 2007, the fair value of securities on loan was $62,718,000. The collateral for securities lent had a market value of $64,674,000. The investment made with cash collateral had an average maturity of one day and did not match the duration of the security on loan since the loans are terminable at will. There was no credit risk to borrowers.

Securities Lending Transactions – Fiduciary Funds and Similar Component Units

The six Public Employees Retirement Systems (PERS) participate in securities lending transactions as provided by their respective investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent.

During the fiscal year ended June 30, 2007, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Generally, collateral must be provided in the amount of 102% of the fair value of the securities loaned. In certain instances collateral must be provided in the amount of 105% when the principal trading market for the loaned securities is outside the United States. At June 30, 2007, the carrying amount and fair value of securities on loan was approximately $3,361,068,000. The underlying collateral for these securities had a market value of approximately $3,449,333,000. Collateral of securities and letters of credit represented approximately $408,755,000 of total collateral. Because these securities and letters of credit cannot be sold or pledged unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At June 30, 2007, there was no credit risk exposure to borrowers because the amounts the Fiduciary Funds owe the borrowers exceed the amounts the borrowers owe the Fiduciary Funds. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions, or recoveries from prior period losses, resulting from the default of a borrower or the lending agent. Investment policies do not require the maturities of investments made with cash collateral to match the maturities of securities lent; however, investment policies may establish minimum levels of liquidity to minimize the interest rate risk associated with not matching the maturity of the investments with the loans. Generally, their duration did not match the duration of the investments made with cash collateral.

Securities Lending Transactions – Component Units

CompSource Oklahoma participates in securities lending transactions as provided by its investment policies. In a securities lending transaction, securities are loaned to approved brokers through a securities lending agreement with a simultaneous agreement to return collateral for the same security in the future. There are no restrictions regarding the amount of securities that may be lent.

During the fiscal year, securities lending agents lent primarily U.S. Government securities, equity securities and debt securities. Cash, U.S. Government securities and letters of credit were provided as collateral for the securities lent. Collateral must be provided in the amount of 102% of the fair value of the securities loaned. At fiscal year end, the carrying amount and market value of securities on loan was approximately $268,139,000. The underlying collateral for these securities had a market value of approximately $278,692,000. Collateral of securities and letters of credit represented approximately $11,993,000 of total collateral. Because collateral securities and letters of credit cannot be pledged or sold unless the borrower defaults, the collateral and related liability are not presented on the balance sheet. The remaining collateral represents cash collateral that is invested in short-term investments pools and is included as an asset on the balance sheet with an offsetting liability for the return of the collateral.

At fiscal year end, there was no credit risk exposure to borrowers because the amounts CompSource owes the borrowers exceed the amounts the borrowers owe CompSource. Contracts with securities lending agents require them to indemnify the lender if the borrower fails to return the securities or otherwise fails to pay the lender for income while the securities are on loan. There were no losses on security lending transactions or recoveries from prior period losses resulting from the default of a borrower or the lending agent. Because these transactions are terminable at will, their duration generally did not match the duration of the investments made with the cash collateral.

Note 3. Accounts Receivable

Receivable balances have been disaggregated by type and presented separately in the financial statements. Only receivables with allowances for uncollectible accounts as of June 30, 2007, including the applicable allowances for uncollectible accounts, are presented below (expressed in thousands).

	General Fund	Component Units	
	Accounts Receivable	Accounts Receivable	Notes Receivable
Gross Receivables	$ 58,609	$ 423,166	$ 1,196,640
Less: Allowance for Uncollectibles	(30,337)	(99,623)	(680)
Net Receivables	$ 28,272	$ 323,543	$ 1,195,960

Note 4. Interfund Accounts and Transfers

A. Due from Other Funds/Due to Other Funds

A summary of interfund obligations at June 30, 2007, is shown below (expressed in thousands).

	Due From Other Funds					Due To Other Funds			
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Component Units	General Fund	Wildlife Permanent Fund	Due To Fiduciary Funds	Due To Component Units
Governmental Funds									
General Fund	$ -	$ 31	$ 13,441	$ 268	$ 50,250	$ -	$ 108	$ 21,610	$ 414,724
Wildlife Permanent Fund	108	-	-	-	-	-	-	-	-
Tobacco Permanent Fund	-	-	-	-	-	31	-	-	28
Total Governmental Funds	$ 108	$ 31	$ 13,441	$ 268	$ 50,250	$ 31	$ 108	$ 21,610	$ 414,752
Enterprise Funds									
Oklahoma Employment Security Commission	$ -					$ 57			$ -
Oklahoma Lottery Commission	-					12,910			1
Oklahoma Water Resources Board	-					474			-
	$ -					$ 13,441			$ 1
Fiduciary Funds									
Pension Trust Funds:									
Firefighters Pension and Retirement System	$ 12,826			$ -	$ -	$ 2		$ -	$ -
Oklahoma Public Employees Retirement System	-			-	-	7		-	-
Oklahoma Law Enforcement Retirement System	2,301			-	-	-		-	-
Oklahoma Police Pension and Retirement System	6,413			-	-	3		-	3
State and Education Emp. Group Insurance Board	67			10,670	-	19		-	-
Teachers' Retirement System of Oklahoma	-			-	-	1		8,633	-
Agency Funds:									
Funds Held in Escrow	-			-	-	236		-	-
Other	-			-	12	-		4,212	-
Total Fiduciary Funds	$ 21,607			$ 10,670	$ 12	$ 268		$ 12,845	$ 3

	Due From Primary Government					Due To Primary Government			
	General Fund	Permanent Funds	Enterprise Funds	Due From Fiduciary Funds	Due From Other Component Units	General Fund			Due To Other Component Units
Major Component Units:									
CompSource Oklahoma	$ 10,319	$ -	$ 1	$ 3	$ 174	$ 32			$ 185
Oklahoma Student Loan	-	-	-	-	-	2			-
Oklahoma Housing Finance Agency									
Oklahoma Turnpike Authority	331	-	-	-	-	47,770			39
Grand River Dam Authority	583	-	-	-	1,074	71			67
Oklahoma Municipal Power Authority	-	-	-	-	-	-			1,073
Higher Education	405,004	28	-	-	279	1,536			20,314
Nonmajor Component Units:									
Multiple Injury Trust Fund	6,319	-	-	-	-	-			68
Oklahoma State University Medical Authority	-	-	-	-	20,000	-			-
University Hospitals Authority	215	-	-	-	207	-			94
Oklahoma Development Finance Authority	20	-	-	-	106	-			-
Total Component Units	$ 422,791	$ 28	$ 1	$ 3	$ 21,840	$ 49,411			$ 21,840

A reconciliation of interfund receivables and interfund payables at June 30, 2007 follows. Timing differences occur between agencies with a June 30 year end and the component units with September 30 or December 31 year ends.

Due From Other Funds		Due To Other Funds	
Wildlife Permanent Fund	$ 108	General Fund to Enterprise Funds	$ 13,441
Fiduciary Funds	32,277	General Fund to Fiduciary Funds	268
Permanent Fund	31	Enterprise Funds	-
Enterprise Funds	13,441	Wildlife Permanent Fund	108
Due From Fiduciary Funds	268	Tobacco Permanent Fund	31
Due From Enterprise Funds		Fiduciary Funds	21,610
General Fund	-	Due To Component Units	
Due From Component Units		General Fund	414,724
General Fund	50,250	Tobacco Permanent Fund	28
Fiduciary Funds	12	Fiduciary Funds	3
Due From Primary Government		Due to Enterprise Fund	1
General Fund	422,791	Due To Primary Government - General Fund	49,411
Permanent Fund	28	Due To Fiduciary Funds	12,845
Due From Enterprise Funds	1	Due To Other Component Units	21,840
Due From Fiduciary Funds	3	Total Interfund Payables per Financial Statements	534,310
Due From Other Component Units	21,840	Timing Differences, Fiscal Year Ending December 31, 2006: Component Units	6,740
Total Interfund Receivables per Financial Statements	$ 541,050	Total Interfund Payables	$ 541,050

The general fund Due From Other Funds includes $47,547,000 from Oklahoma Turnpike Authority (OTA) ($46,696,000 at December 31, 2006 on OTA) for a portion of motor fuel excise taxes collected on fuels consumed on turnpikes. The balance accumulates and is payable when certain OTA revenue bonds payable have been paid in full. Also, the general fund is due $236,000 from the Funds Held in Escrow agency fund for legislative mandated transfer of earnings on certain funds. The Wildlife Lifetime Licenses permanent fund is due $108,000 from the general fund for legislative mandated transfer of earnings on certain funds.

The component units Due From Primary Government includes $215,000 for University Hospitals Authority. This amount is due from the general fund for draw downs of principal from Oklahoma Capital Improvement Authority capital lease agreements.

Remaining interfund balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded, and payment between funds are made.

B. Notes Payable and Capital Leases

The Multiple Injury Trust Fund (MITF) component unit reports a note payable to CompSource Oklahoma component unit of $46,922,000, as permitted by statute. Included in this note payable is a $6,000,000 advance on a line of credit not to exceed $11,300,000. The remaining $5,300,000 has not been advanced. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

The Higher Education (HE) and University Hospitals Authority (UHA) component units have entered into capital lease agreements with the general fund's Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. The capital lease outstanding balances are $538,793,000 for HE and $578,000 for UHA.

C. Interfund Transfers

A summary of interfund transfers for the fiscal year ended June 30, 2007, follows (expressed in thousands).

Transfers From (Out)	Transfers To (In)	For (Purpose)	Amount
Governmental Funds:			
General Fund	Oklahoma Water Resources Board	Payment for administrative costs	$ 29
		Total transfers out of the General Fund	29
Permanent Funds:			
Commissioners of Land Office	General Fund	Transfer of expendable earnings	(7,739)
Department of Wildlife Conservation	General Fund	Transfer of expendable earnings	(2,866)
Proprietary Funds:			
Oklahoma Water Resources Board	General Fund	Restricted investment revenue	(623)
Lottery Commission	General Fund	Transfer of expendable earnings	(69,378)
		Total transfers in to the General Fund	(80,606)
		Net Transfers In/Out	$ (80,577)

Note 5. Capital Assets

Capital asset activity for the year ended June 30, 2007, was as follows (expressed in thousands).

Primary Government

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 1,108,898	$ 252,385	$ (801)	$ 1,360,482
Construction in progress	75,456	35,050	(18,351)	92,155
Total capital assets, not being depreciated	1,184,354	287,435	(19,152)	1,452,637
Capital assets, being depreciated:				
Buildings and improvements	928,393	49,960	(12,156)	966,197
Equipment	311,849	25,214	(9,956)	327,107
Infrastructure	11,451,414	433,029	(3,227)	11,881,216
Total capital assets, being depreciated	12,691,656	508,203	(25,339)	13,174,520
Less accumulated depreciation for:				
Buildings and improvements	(363,347)	(20,354)	8,833	(374,868)
Equipment	(200,072)	(23,424)	7,721	(215,775)
Infrastructure	(6,069,108)	(311,678)	1,808	(6,378,978)
Total accumulated depreciation	(6,632,527)	(355,456)	18,362	(6,969,621)
Total capital assets, being depreciated, net	6,059,129	152,747	(6,977)	6,204,899
Governmental activities capital assets, net	$ 7,243,483	$ 440,182	$ (26,129)	$ 7,657,536
Business-type activities:				
Capital assets, being depreciated:				
Equipment	$ 1,096	$ 642	$ -	$ 1,738
Total capital assets, being depreciated	1,096	642	-	1,738
Less accumulated depreciation for:				
Equipment	(488)	(222)		(710)
Total accumulated depreciation	(488)	(222)	-	(710)
Business-type activities capital assets, net	$ 608	$ 420	$ -	$ 1,028

Current period depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
Education	$ 703
General government	13,347
Health services	6,831
Legal and judiciary	41
Museums	153
Natural resources	3,858
Public safety and defense	11,604
Regulatory services	77
Social services	4,119
Transportation	314,723
Total depreciation expense - governmental activities	$ 355,456
Business-type activities:	
General government	$ 162
Natural resources	60
Total depreciation expense - business-type activities	$ 222

Component Units
Capital asset activity for the year ended June 30, 2007, (December 31, 2006, or September 30, 2006, for those entities identified in Item D of Note 1) was as follows (expressed in thousands).

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 305,660	$ 22,724	$ (5,139)	$ 323,245
Construction in progress	467,352	269,002	(339,087)	397,267
Total capital assets, not being depreciated	773,012	291,726	(344,226)	720,512
Capital assets, being depreciated:				
Buildings and improvements	4,370,214	442,970	(13,407)	4,799,777
Equipment	1,198,617	131,115	(36,809)	1,292,923
Infrastructure	1,809,664	62,380	(567)	1,871,477
Total capital assets, being depreciated	7,378,495	636,465	(50,783)	7,964,177
Less accumulated depreciation for:				
Buildings and improvements	(1,860,340)	(122,247)	7,770	(1,974,817)
Equipment	(826,505)	(91,491)	31,107	(886,889)
Infrastructure	(909,292)	(60,227)	-	(969,519)
Total accumulated depreciation	(3,596,137)	(273,965)	38,877	(3,831,225)
Total capital assets, being depreciated, net	3,782,358	362,500	(11,906)	4,132,952
Capital assets, net	$ 4,555,370	$ 654,226	$ (356,132)	$ 4,853,464

Note 6. Risk Management and Insurance

It is the policy of the State to cover the risk of losses to which it may be exposed through risk management activities. In general, the State is self-insured for health care claims (except for employee participation in certain health maintenance organizations), workers' compensation, second injury workers' compensation, tort liability (except for excess coverage for certain losses in excess of $1,000,000), vehicle liability, and property losses (except for excess coverage for certain losses in excess of $250,000, or $750,000 for certain agencies). The property loss excess coverage is limited to a maximum loss of $1,000,000,000.

Coverage for health care claims and workers' compensation is provided by two separate component units. The State and Education Employees' Group Insurance Board is a fiduciary component unit that provides group health, life, dental and disability benefits to the State's employees and certain other eligible participants. CompSource Oklahoma (CSO) is a component unit that provides workers' compensation coverage for the State's employees (and private and local government employees).

CSO administers claim payments and provides excess-of-loss reinsurance to certain governmental entities that are self-insured. The premiums and fees received in connection with these transactions are included in sales revenue and were approximately $7,846,000 in 2006. The liability for claims in excess of the self-insured entities' respective retention limits included in unpaid losses and loss adjustment expenses was approximately $45,653,000 at December 31, 2006.

CSO limits the maximum net loss that can arise from risks by entering into reinsurance agreements to assign risk to other insurers on a catastrophe basis. Premiums paid for this reinsurance were approximately $1,913,000 in 2006. No losses have been ceded under these agreements. Reinsurance receivables with a single reinsurer of $472,000 at December 31, 2006, have been recorded in anticipation of estimated amounts to be recovered from reinsurers in future years for losses ceded pursuant to certain prior year reinsurance agreements. These agreements do not relieve CSO from its obligation to policyholders. Failure of reinsurers to honor their obligations could result in losses to CSO. Management believes that all reinsurers presently used are financially sound and will be able to meet their contractual obligations.

Coverage for second injury workers' compensation is provided by a discretely presented component unit. The Multiple Injury Trust Fund (MITF) was created to encourage the hiring of individuals with a pre-existing disability and to protect those employers from liability for the pre-existing disability. MITF records a liability for outstanding court awards only as those amounts are awarded by the Workers' Compensation Court for permanent total disability awards. There is no

provision for incurred but not reported claims or claims pending Court determination. Claims and Judgments which were due and owing at December 31, 2006, have been charged to operations for the year ended December 31, 2006. At year end, the MITF loss liability exceeded net assets. MITF was indebted to claimants for court awarded judgments. Only those judgments currently payable in arrears bear interest. The rate, set by statute, is the Treasury bill rate plus 4% to be updated annually.

The remaining risk management activities of the State are included in the State's General Fund. The Risk Management Division of the Department of Central Services is responsible for administering the State's tort liability, vehicle liability, property loss, and other types of risk coverage. Also, the Division is responsible for the acquisition and administration of all insurance policies purchased by the State and administration of any self-insurance plans and programs adopted for use by the State (and for certain organizations and bodies outside of state government).

Except for MITF, estimates relating to incurred but not reported claims, as well as other probable and estimable losses have been included in accrued liabilities for each fund. None of the funds have included nonincremental claims adjustment expense as part of accrued liabilities. Because actual claims liabilities are impacted by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, and other economic and social factors.

The General Fund self-insurance loss liability for the Risk Management Division of the Department of Central Services represents an estimate of amounts to be paid from economic financial resources.

The following table presents the changes in claims liability balances (both current and noncurrent) during the current fiscal year ended June 30, 2007, (December 31, 2006, for CompSource Oklahoma and Multiple Injury Trust Fund) and the prior fiscal year, (expressed in thousands).

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Current Fiscal Year						
General Fund* - Risk Management Division	$ 21,750	$ 16,365	$ (4,379)	$ 33,736	$ 29,357	$ 4,379
Component Units:						
CompSource Oklahoma	$ 792,339	$ 277,013	$ (222,289)	$ 847,063	$ 659,330	$ 187,733
Multiple Injury Trust Fund	137,371	5,834	(19,877)	123,328	110,325	13,003
Total Component Units**	$ 929,710	$ 282,847	$ (242,166)	$ 970,391	$ 769,655	$ 200,736

* As discussed in the Litigation and Contingencies note, general fund claims and judgments includes $20,000 accrued for the payment of litigation losses.

** The Higher Education Component Unit's claims and judgments ($2,050 - noncurrent, $2,589 - current) are for accrued liabilities not related to risk management.

	Beginning Balance	Plus: Current Year Claims and Changes in Estimates	Less: Claim Payments	Ending Balance	Noncurrent Liability	Current Liability
Prior Fiscal Year						
General Fund - Risk Management Division	$ 24,838	$ (639)	$ (2,449)	$ 21,750	$ -	$ 21,750
Component Units:						
CompSource Oklahoma	$ 726,949	$ 270,494	$ (205,104)	$ 792,339	$ 619,244	$ 173,095
Multiple Injury Trust Fund	153,582	3,152	(19,363)	137,371	121,982	15,389
Total Proprietary Units	$ 880,531	$ 273,646	$ (224,467)	$ 929,710	$ 741,226	$ 188,484

Note 7. Operating Lease Commitments

The State has commitments with non-state entities to lease certain buildings and equipment. Future minimum rental commitments for equipment operating leases as of June 30, 2007, are as follows (expressed in thousands).

	General Fund	Fiduciary Funds	Component Units
2008	$ 519	$ 116	$ 3,175
2009	194	-	2,987
2010	180	-	2,815
2011	102	-	1,401
2012	-	-	261
2012-2016	-	-	320
2017-2021	-	-	2,798
2022-2026	-	-	36
Total Future Minimum Lease Payments	$ 995	$ 116	$ 13,793
Operating lease commitments for building rental for year ended June 30, 2008	$ 19,902	$ 1,011	$ 2,551
Rent expenditures/expenses for operating leases for year ended June 30, 2007	$ 19,620	$ 1,197	$ 16,567

Note 8. Lessor Agreements

Primary Government

Direct Financing Leases

The Department of Transportation maintains leases classified as direct financing leases. The State leases heavy equipment and machinery to counties within the state. The lease terms are determined by the depreciation schedules published by the American Association of State Highway Transportation Officials. All new county equipment leases were charged an interest amount equivalent to 3% of the equipment cost. Title to this equipment passes to the counties at the end of the lease term. The Department of Transportation also leases railroad lines within the state to the AT&L Railroad Company and the Oklahoma, Kansas, and Texas Railroad Company with lease terms ending in 2014 and 2011, respectively. No interest or executory costs are charged, and the leases include bargain purchase options. The unguaranteed residual values of the machinery, equipment, and railroad lines are not estimated by the State. Contingent rentals are not a part of any lease and uncollectible amounts are not expected. The total minimum lease payments to be received by the Department of Transportation in future years is approximately $27,474,000, which is also the net investment in direct financing leases at June 30, 2007. The following schedule represents minimum lease payments receivable for direct financing leases for each of the five succeeding fiscal years (expressed in thousands).

	2008	2009	2010	2011	2012
Department of Transportation	$ 6,844	$ 6,014	$ 5,116	$ 4,327	$ 3,482
Oklahoma Capital Improvement Authority	16,028	16,712	16,680	17,275	24,679
Total	$ 22,872	$ 22,726	$ 21,796	$ 21,602	$ 28,161

The Oklahoma Capital Improvement Authority (OCIA) has capital lease agreements with component units for the lease of various facilities, equipment and improvements. At June 30, 2007, the total minimum lease payments to be received by OCIA from component units is $538,793,000.

Operating Leases

The State has operating leases maintained by various state agencies consisting primarily of state owned building space leased to non-state entities. The primary government's total operating leases receivable recognized in the current fiscal year is approximately $27,000. Minimum future rentals receivable from these operating leases is presented in the following schedule (expressed in thousands).

2008	2009	2010	2011	2012
$ 160	$ 80	$ 76	$ 75	$ 61

In addition, the leasing operations of the Commissioners of the Land Office consist of leasing approximately 745,000 acres of land principally for agricultural purposes. The lease terms are principally for five-year periods with one-fifth of the leases expiring each year. The lease year is on a calendar year basis with rents prepaid one year in advance. The rental amount is determined based on the maximum amount bid by the lessee. The following schedule presents minimum future rentals receivable from the leasing of these lands (expressed in thousands).

2008	2009	2010	2011	2012
$ 9,529	$ 8,792	$ 7,010	$ 5,119	$ 3,133

Component Units

The **Oklahoma Municipal Power Authority** executed a Power Purchase Agreement with FPL Energy Oklahoma Wind, LLC (FPLE Oklahoma), for the development of a wind generation facility in northwestern Oklahoma. Under the agreement, FPLE Oklahoma was responsible for acquiring, constructing and installing the wind project. The authority issued taxable limited obligation notes which were payable solely from lease payments made by FPLE Oklahoma. The Authority used the proceeds of the Notes to finance the Authority's acquisition of the wind project and has leased the wind project to FPLE Oklahoma under a long-term capital lease agreement for an amount sufficient to pay the debt service, principal and interest, on the Notes. The Power Purchase Agreement has a term of approximately 25 years and power is sold on a take and pay basis. FPLE Oklahoma retains the operational risk related to the wind project. The following schedule lists the components of the lease agreement as of December 31, 2006 (expressed in thousands).

Total minimum lease payments to be received	$ 99,368
Less: Amounts representing interest included in total minimum lease payments	(44,979)
Net investment in direct financing leases	$ 54,389

Operating Leases

The Oklahoma Turnpike Authority has various noncancelable contracts with concessionaires to provide patron services on the State's turnpike system. The contracts are generally for five year terms, with two five-year renewal options. The Authority receives concession revenue that includes minimum rentals plus contingent rentals based on sales volume. The Authority also leases antenna space under noncancelable contracts with a 20 year term. The following schedule presents minimum future rentals receivable from these contracts (expressed in thousands).

	2008	2009	2010	2011	2012
Oklahoma Turnpike Authority	$ 66	$ 66	$ 67	$ 119	$ 119

Note 9. Long-Term Obligations As Related to Governmental Activities

Long-term obligations at June 30, 2007, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Date	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	DueWithin One Year
General Obligation Bonds Payable from Tax Revenue:								
Oklahoma Bldg Refunding 2003A	2003	2.00%-5.00%	2019	$ 247,500	$ -	$ 13,990	$ 233,510	$ 14,555
Total				247,500	-	13,990	233,510	14,555
Revenue Bonds Payable from Lease Rentals:								
OCIA Series A of 1986	1987	6.50%	2007	310	-	310	-	-
OCIA Series B of 1994	1995	4.85%-7.15%	2010	6,380	-	1,440	4,940	1,535
OCIA Series 1998, Corrections	1998	3.90%-5.00%	2007	890	-	890	-	-
OCIA Series 1998, Highway	1998	3.90%-5.00%	2008	74,265	-	36,250	38,015	38,015
OCIA Series 1999A	2000	4.10%-5.50%	2010	25,800	-	6,015	19,785	6,295
OCIA Series 1999B	2000	6.20%-7.63%	2020	1,450	-	245	1,205	265
OCIA Series 1999C	2000	4.10%-5.50%	2010	830	-	195	635	200
OCIA Series 1999D	2000	3.85%-5.70%	2010	2,220	-	520	1,700	540
OCIA Series 2000, Highway	2000	4.30%-5.00%	2012	97,105	-	14,250	82,855	14,935
OCIA Series 2002A	2003	2.00%-4.65%	2023	11,460	-	510	10,950	520
OCIA 2003A, Highway	2003	2.00%-5.00%	2015	60,135	-	5,640	54,495	5,830
OCIA 2003B, Highway	2003	2.00%-5.00%	2015	24,360	-	2,320	22,040	2,400
OCIA 2003C, State Facilities	2004	2.00%-4.75%	2025	17,345	-	665	16,680	680
OCIA 2003D, State Facilities	2004	2.00%-4.75%	2024	3,240	-	135	3,105	135
OCIA 2003E, State Facilities	2004	2.00%-4.00%	2016	17,985	-	2,105	15,880	2,150
OCIA 2004A, Refunding	2005	2.50%-5.00%	2024	110,685	-	170	110,515	1,120
OCIA 2005, Revenue	2006	3.50%-5.30%	2020	5,000	-	-	5,000	280
OCIA 2005A, Revenue	2005	3.00%-4.35%	2020	6,130	-	320	5,810	330
OCIA 2005B, Revenue	2005	3.00%-4.05%	2025	4,000	-	140	3,860	145
OCIA 2005C, Revenue	2005	3.00%-5.00%	2027	33,000	-	-	33,000	-
OCIA Series 2005D	2006	3.00%-4.38%	2030	21,355	-	-	21,355	300
OCIA Series 2005E	2006	3.70%-5.00%	2025	3,000	-	95	2,905	100
OCIA Series 2005F	2006	3.38%-5.00%	2030	333,610	-	-	333,610	2,005
OCIA Series 2005G	2006	4.79%-4.79%	2007	6,040	-	-	6,040	6,040
OCIA Series 2006	2006	5.00%-5.23%	2015	50,000	-	-	50,000	4,950
OCIA Series 2006A	2006	3.55%-4.38%	2026	24,410	-	-	24,410	835
OCIA Series 2006B	2006	3.50%-4.25%	2026	18,900	-	-	18,900	640
OCIA Series 2006C	2006	4.00%-4.50%	2026	22,040	-	-	22,040	690
OCIA Series 2006D	2006	1.00%-5.00%	2035	125,700	-	430	125,270	-
OCIA Series 2006E	2006	4.00%-4.50%	2026	-	6,430	-	6,430	215
Corrections 2003A, Central OK (ODFA)	2003	2.25%-4.65%	2023	31,980	-	1,090	30,890	1,435
Corrections 2004, Central OK (ODFA)	2004	3.00%-4.45%	2024	3,760	-	170	3,590	180
Corrections 2006, Central OK (ODFA)	2006	4.00%-5.45%	2026	4,331	-	96	4,235	150
Tourism 2002	2002	2.10%-4.25%	2012	2,200	-	335	1,865	345
DHS-Pittsburg Co. 1998 (ODFA)	1998	4.25%-5.30%	2012	895	-	90	805	95
DHS-Canad/Linc Co. 2000 (ODFA)	2000	4.30%-5.60%	2015	2,545	-	230	2,315	240
DHS-8 County (ODFA)	2002	2.00%-5.25%	2017	12,065	-	890	11,175	920
DHS-Logan/Okla Co. 2004A (ODFA)	2004	1.00%-3.85%	2019	7,640	-	500	7,140	503
DHS-2004B (ODFA)	2005	1.60%-5.13%	2019	4,555	-	260	4,295	265
Veterans Series 2005 (ODFA)	2005	2.65%-3.65%	2015	7,230	-	710	6,520	710
Law Enforcement Education/Train (ODFA)	2002	3.00%-5.50%	2027	23,800	-	710	23,090	735
Total				1,208,646	6,430	77,726	1,137,350	96,728
Notes Payable from Tax Revenue:								
Koch Financial	2003	3.79%	2007	3,458	-	3,458	-	
Koch Financial	2003	3.90%	2007	1,217	-	1,217	-	
Hitachi Credit America	2003	3.67%	2007	446	-	446	-	
Tourism 2004, Clean Water	2004	2.13%	2024	6,515	-	300	6,215	305
ODOT 2004A, Grant Anticipation	2004	1.00%-4.89%	2018	41,975	-	2,610	39,365	2,665
ODOT 2005A, Grant Anticipation	2005	3.00%-5.00%	2020	48,875	-	2,380	46,495	2,600
ODOT 2007A, Grant Anticipation	2007	3.25%-5.00%	2023	-	95,675	-	95,675	4,400
Total				102,486	95,675	10,411	187,750	9,970
Notes Payable - Sardis Reservoir				34,480	-	332	34,148	332
Capital Leases				3,287	2,501	1,147	4,641	1,304
Compenstated Absences				146,216	98,717	89,435	155,498	89,435
Pension Obligation				1,908	-	205	1,703	-
Bond Issue Premiums				52,673	4,573	856	56,390	7,502
Claims and Judgements Payable				-	58,115	4,379	53,736	4,379
Total Long-Term Obligations				$ 1,797,196	$ 266,011	$ 198,481	$ 1,864,726	$ 224,205

The increase in debt is primarily due to the issuance of one new bond series by OCIA totalling $6,430 and ODOT issued a grant anticipation note for $95,675.

A. General Obligation Bonds

General obligation bonds, administered by the State Treasurer, are authorized and issued primarily to provide resources for State-owned capital improvements, including office buildings for state agencies. The State has pledged 100% of cigarette taxes collected under these bond issues. General obligation bonds are backed by the full faith and credit of the State, including the State's power to levy additional taxes to ensure repayment of the bonds.

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2007, which have scheduled debt service amounts (expressed in thousands).

	2008	2009	2010	2011	2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
General Obligation bonds:											
Oklahoma Bldg Refunding 2003A	$ 25,007	$ 25,108	$ 25,034	$ 25,043	$ 25,065	$ 128,723	$ 53,257	$ -	$ -	$ -	$ 307,237
Less: Interest	10,452	9,908	9,309	8,568	7,770	25,298	2,422	-	-	-	73,727
Total Principal	14,555	15,200	15,725	16,475	17,295	103,425	50,835	-	-	-	233,510
Revenue Bonds:											
OCIA Series A of 1986	-	-	-	-	-	-	-	-	-	-	-
OCIA Series B of 1994	1,830	1,829	1,822		-	-	-	-	-	-	5,481
OCIA Series 1998, Corrections	-	-	-	-	-	-	-	-	-	-	-
OCIA Series 1998, Highway	39,412	-	-	-	-	-	-	-	-	-	39,412
OCIA Series 1999A	7,116	7,090	7,083	-	-	-	-	-	-	-	21,289
OCIA Series 1999B	345	340	343	51	49	256	151	-	-	-	1,535
OCIA Series 1999C	226	226	231	-	-	-	-	-	-	-	683
OCIA Series 1999D	610	608	609	-	-	-	-	-	-	-	1,827
OCIA Series 2000, Highway	18,905	18,905	18,903	18,903	18,906	-	-	-	-	-	94,522
OCIA Series 2002A	952	952	951	947	947	4,733	5,640	-	-	-	15,122
OCIA 2003A, Highway	8,260	8,259	8,261	8,262	8,261	24,777	-	-	-	-	66,080
OCIA 2003B, Highway	3,271	3,270	3,270	3,267	3,268	9,805	-	-	-	-	26,151
OCIA 2003C, State Facilities	1,329	1,329	1,331	1,330	1,331	6,644	6,626	3,960	-	-	23,880
OCIA 2003D, State Facilities	256	257	258	258	258	1,281	1,273	509	-	-	4,350
OCIA 2003E, State Facilities	2,663	2,661	2,666	2,672	1,495	6,011	-	-	-	-	18,168
OCIA 2004A, Refunding	6,520	6,515	6,515	13,756	13,738	68,501	38,803	787	-	-	155,135
OCIA 2005 Revenue	470	469	468	467	466	2,323	1,865	-	-	-	6,528
OCIA 2005A, Revenue	544	544	543	542	545	2,709	2,155	-	-	-	7,582
OCIA 2005B, Revenue	302	303	303	303	303	1,498	1,480	1,172	-	-	5,664
OCIA 2005C, Revenue	1,381	2,514	2,514	2,511	2,511	12,530	12,277	12,135	2,418	-	50,791
OCIA 2005D Revenue	1,145	1,432	1,428	1,429	1,428	7,135	7,113	7,085	5,645	-	33,840
OCIA 2005E Revenue	224	224	223	223	222	1,128	1,116	883	-	-	4,243
OCIA 2005F Revenue	18,062	24,268	24,238	24,235	24,220	120,854	120,401	119,929	95,527	-	571,734
OCIA 2005G Revenue	6,185	-	-	-	-	-	-	-	-	-	6,185
OCIA 2006 Revenue	7,376	7,367	7,360	7,352	7,344	24,723	-	-	-	-	61,522
OCIA 2006A Revenue	1,795	1,793	1,795	1,791	1,791	8,944	8,921	8,883	-	-	35,713
OCIA 2006B Revenue	1,385	1,384	1,387	1,384	1,386	6,916	6,896	6,867	-	-	27,605
OCIA 2006C Revenue	1,619	1,659	1,664	1,661	1,657	8,287	8,257	8,218	-	-	33,022
OCIA 2006D Revenue	6,285	6,295	6,274	6,285	6,285	31,435	31,415	31,425	60,995	105,843	292,537
OCIA 2006E Revenue	483	484	480	480	481	2,401	2,392	2,383	-	-	9,584
Corrections 2003A, Central OK (ODFA)	2,689	2,692	2,693	2,693	2,694	13,458	13,463	2,690	-	-	43,072
Corrections 2004, Central OK (ODFA)	309	309	310	310	309	1,535	1,538	308	-	-	4,928
Corrections 2006, Central OK (ODFA)	329	333	331	330	333	1,650	1,657	1,322	-	-	6,285
Tourism 2002	413	415	411	410	413	-	-			-	2,062
DHS-Pittsburg Co. 1988 (ODFA)	134	134	134	134	138	282	-	-	-	-	956
DHS-Canad/Linc Co. 2000 (ODFA)	364	367	364	365	365	1,092	-	-	-	-	2,917
DHS-8 County 2002 (ODFA)	1,430	1,430	1,432	1,432	1,430	7,159		-	-	-	14,313
DHS-Logan/Okla Co. 2004A (ODFA)	734	736	735	733	733	3,673	1,465	-	-	-	8,809
DHS-2004B	434	431	433	434	433	2,158	1,286	-	-	-	5,609
Veterans Series 2005 (ODFA)	945	942	944	946	946	2,831	-	-	-	-	7,554
Law Enforcement Education/Train (ODFA)	1,855	1,853	1,854	1,857	1,853	7,418	9,275	9,274	1,855	-	37,094
	148,587	110,619	110,561	107,753	106,539	394,147	285,465	217,830	166,440	105,843	1,753,784
Less: Interest	51,783	47,795	44,993	42,137	38,903	157,741	109,163	72,867	40,911	10,141	616,434
Total Principal	96,804	62,824	65,568	65,616	67,636	236,406	176,302	144,963	125,529	95,702	1,137,350
Notes Payable:											
Koch Financial	-	-	-	-	-	-	-	-	-	-	-
Koch Financial	-	-	-	-	-	-	-	-	-	-	-
Hitachi Credit America	-	-	-	-	-	-	-	-	-	-	-
Tourism 2004, Clean Water	438	441	439	442	2,239	2,280	1,157	-	-	-	7,436
ODOT 2004A, Grant Anticipation	4,302	4,297	4,297	4,267	4,258	21,259	8,468	-	-	-	51,148
ODOT 2005A, Grant Anticipation	4,452	4,453	4,451	4,450	4,442	22,093	17,611	-	-	-	61,952
ODOT 2007A, Grant Anticipation	8,321	8,539	8,538	8,530	8,529	42,476	42,281	8,434	-	-	135,648
	17,513	17,730	17,725	17,689	19,468	88,108	69,517	8,434	-	-	256,184
Less: Interest	7,566	7,570	7,226	6,840	6,371	24,202	8,429	230	-	-	68,434
Total Principal	9,947	10,160	10,499	10,849	13,097	63,906	61,088	8,204	-	-	187,750
Capital Leases:	1,858	1,606	692	368	225	796	153	-	-	-	5,698
Less: Interest	148	80	29	11	2	-	-	-	-	-	270
Less: Executory Cost	406	327	43	11	-	-	-	-	-	-	787
Total Principal	1,304	1,199	620	346	223	796	153	-	-	-	4,641
Total	$ 122,610	$ 89,383	$ 92,412	$ 93,286	$ 98,251	$ 404,533	$ 288,378	$ 153,167	$ 125,529	$ 95,702	$ 1,563,251
Long-Term Debt without scheduled debt service:											
Note Payable-Sardis Reservoir											34,148
Compensated Absences											155,498
Pension Obligation											1,703
Bond Issue Premiums											56,390
Claims and Adjustments Payable											53,736
Total Long-Term Obligations											$ 1,864,726

B. Revenue Bonds

The **Oklahoma Capitol Improvement Authority** (OCIA) has twenty-eight outstanding series of building bonds to construct and equip state office buildings and prisons. One of the series was issued during the current fiscal year. Principal and interest payments on these bond issues are paid from rents collected from the various state and federal agencies that occupy the buildings constructed with the bond proceeds.

During fiscal year 2007, OCIA issued one new series of revenue bonds totaling $6,430,000. The proceeds will be used by the State Bureau of Investigation to finish and equip their new forensic laboratory.

The **Oklahoma Development Finance Authority** (ODFA) has issued lease revenue bonds to provide lease financing for the Department of Human Services, the Department of Veterans Affairs, and the Council for Law Enforcement Education and Training. The actual lease payments are made to a trustee who is responsible for payments to individual investors.

C. Notes Payable

The **Oklahoma Department of Transportation** issued Grant Anticipation Notes, Series 2004A and 2005A for the purpose of financing certain qualified federal aid transportation projects in the State of Oklahoma and the balance remaining is $85,860,000. In 2007, ODOT issued Grant Anticipation Notes, Series 2007A in the amount of $95,675,000.

The **Oklahoma Water Resources Board** has a contractual agreement to repay the United States, through the Army Corps of Engineers, for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments over a period of 50 years are to be made for the reservoir construction, operation and maintenance allocated to the present use water supply storage. The water storage facility was completed in 1982 and annual payments began in 1983. There are no scheduled future debt service requirements beyond one year. For further discussion of this note payable, refer to the Litigation and Contingencies note.

D. Capital Leases

The State has entered into agreements to lease equipment. Such agreements are, in substance, purchases (capital leases) and are reported as capital lease obligations. Capital lease obligations are reported for those leases where the fair market value of the leased asset at inception of the lease is $25,000 or more.

Leased equipment under capital leases in capital assets at June 30, 2007, includes the following (expressed in thousands).

	Buildings	Equipment	Total
Cost	$ 1,869	$ 6,617	$ 8,486
Less: Accumulated depreciation	(19)	(4,060)	(4,079)
Total	$ 1,850	$ 2,557	$ 4,407

E. Other Liabilities

Compensated absences are liquidated by the general fund and do not have scheduled future debt service requirements beyond one year. The pension obligation is for the Oklahoma Department of Wildlife Conservation defined benefit pension plan. The plan is a single-employer plan that provides retirement, disability, and death benefits to the plan members and their beneficiaries. The pension obligation does not have scheduled future debt service requirements. This will be liquidated by the general fund.

Note 10. Long-Term Obligations As Related to Business-Type Activities

The **Oklahoma Water Resources Board** (Board) along with the **Department of Environmental Quality** has issued fifteen series of revenue bonds. These bonds provide resources to implement statewide financial assistance programs. These programs make loans to local government units for the acquisition, development, and utilization of storage and control facilities for water and sewage systems.

Long-term obligations at June 30, 2007, and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Revenue Bonds Payable from User Fees:								
1989-2005 Issues	1989-2005	1.45-6.50%	2035	$ 639,790	$ 62,800	$ 134,990	$ 567,600	$ 29,200
Adjusted for: Bond Discounts				13,280	(999)	(168)	12,449	-
Revenue Bonds Payable Net of Bond Discounts				653,070	61,801	134,822	580,049	29,200
Other Noncurrent Liabilities				1,867	-	1,595	272	-
Total Long-Term Obligations				$ 654,937	$ 61,801	$ 136,417	$ 580,321	$ 29,200

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2007, which have scheduled debt service amounts (expressed in thousands).

	2008	2009	2010	2011	2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
Revenue Bonds:											
1989-2005 Issues	$ 53,854	$ 51,896	$ 51,925	$ 51,511	$ 50,831	$ 237,165	$ 195,183	$ 119,136	$ 8,322	$ 2,099	$ 821,922
Less: Interest	24,654	23,669	22,630	21,567	20,307	81,346	45,442	13,556	1,006	145	254,322
Principal	29,200	28,227	29,295	29,944	30,524	155,819	149,741	105,580	7,316	1,954	567,600
Total	$ 29,200	$ 28,227	$ 29,295	$ 29,944	$ 30,524	$ 155,819	$ 149,741	$ 105,580	$ 7,316	$ 1,954	$ 567,600
Adjusted for: Bond and Note Discounts											12,449
Long-Term Obligations without scheduled debt service:											
Other Noncurrent Liabilities											272
Total Long-Term Obligations											$ 580,321

Certain of the bonds bear interest at variable rates, initially set at 0.87% to 3.80% and periodically adjusted pursuant to the provisions of the bond indentures, to a maximum rate of 12% to 14% per year. Variable rates are reset semiannually by the remarketing agent. The interest rate on the bonds ranged from 3.60% to 3.70% at June 30, 2007. At the option of the Board and subject to applicable provisions of the bond indenture, which require, among other things, that all bonds be successfully remarketed, the variable interest rate may be converted to a term rate that would stay fixed until maturity. These converted rate bonds bear interest at fixed rates ranging from 1.45% to 6.50%.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. The arbitrage rebate liability is recorded as other liabilities ($272,000 noncurrent). This amount will be liquidated by the reporting enterprise fund. There are no scheduled future debt service requirements beyond one year.

Note 11. Long-Term Obligations As Related to Component Units

Long-term obligations at June 30, 2007 (September 30, 2006, for Oklahoma Housing Finance Agency and December 31, 2006, for Oklahoma Turnpike Authority, Grand River Dam Authority and Municipal Power Authority), and changes for the fiscal year then ended are as follows (expressed in thousands).

	Issue Dates	Interest Rates	Maturity Through	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds Payable from User Fees:								
Industrial Finance Authority	1987-2006	3.00 - 7.65%	2022	$ 66,670	$ -	$ 7,240	$ 59,430	$ 1,675
Total Before Adjustments				66,670	-	7,240	59,430	
Adjusted for: Bond Premiums				65	(5)	-	60	
Net Deferred Debits on Refundings				(228)	-	(17)	(211)	
Total General Obligation Bonds Payable Net of Bond Premiums and Deferrals				66,507	(5)	7,223	59,279	1,675
Revenue Bonds Payable from User Fees:								
Student Loan Authority	1994-2007	3.78 - 6.35%	2037	827,550	109,725	-	937,275	-
Development Finance Auth.	1996	5.36%	3031	9,999	-	-	9,999	-
Environmental Finance Auth.	1977	5.90%	2007	-	-	-	-	-
Housing Finance Agency	1987-2006	1.11 - 8.92%	2037	495,941	155,000	73,136	577,805	20,083
Turnpike Authority	1998-2006	3.00 - 6.00%	2028	1,201,577	635,713	640,390	1,196,900	36,870
Grand River Dam Authority	1993-2002	5.00 - 6.25%	2014	622,642	-	61,511	561,131	65,045
Municipal Power Authority	1990-2005	2.00 - 6.75%	2028	398,085	-	11,015	387,070	13,970
University Hospitals Authority	2005	4.00 - 5.36%	2036	55,460	15	780	54,695	820
Centennial Commeration Fund	2001	4.35%	2011	-	6,000	1,280	4,720	955
Higher Education	1993-2007	1.20 - 10.00%	2034	931,619	179,490	151,744	959,365	27,281
Total Before Discounts/Deferrals				4,542,873	1,085,943	939,856	4,688,960	
Adjusted for: Bond (Discount) Premiums				6,988	(209)	(1,506)	8,285	
Net Deferred Debits on Refundings				(70,771)	(22,055)	(8,154)	(84,672)	
Total Revenue Bonds Payable Net of Bond (Discounts) Premiums and Deferrals				4,479,090	1,063,679	930,196	4,612,573	165,024
Notes Payable:								
Multiple Injury Trust Fund	2000-2001	7.00%	2031	47,657	-	736	46,921	994
Student Loan Authority	1993-2005	3.75 - 5.82%	2038	100,600	43,994	50,972	93,622	22,000
Municipal Power Authority	2003	6.00%	2028	55,571	-	1,182	54,389	1,253
Higher Education	2001-2007	1.88 - 8.00%	2046	42,279	105,691	2,872	145,098	5,230
Total				246,107	149,685	55,762	340,030	29,477
Capital Leases:								
University Hospitals Authority				823	-	245	578	258
Higher Education				689,737	34,516	45,862	678,391	32,124
Total				690,560	34,516	46,107	678,969	32,382
Claims and Judgments				1,032,902	285,853	343,725	975,030	203,325
Due to Primary Government				-	-	-	-	-
Compensated Absences				84,489	52,991	44,709	92,771	69,400
Other Noncurrent Liabilities				368,280	201,894	186,368	383,806	191,569
Total Long-Term Obligations				$ 6,967,935	$ 1,788,613	$ 1,614,090	$ 7,142,458	$ 692,852

A. General Obligation Bonds

Oklahoma Industrial Finance Authority (OIFA) has issued eleven series of general obligation bonds. These bonds are issued for the funding of industrial finance loans to encourage business development within the state. All revenues arising from the net proceeds from repayment of industrial finance loans and interest received thereon are pledged under these bond issues. In addition, these general obligation bonds are backed by the full faith and credit of the State.

The following table presents annual debt service requirements for those long-term obligations outstanding at June 30, 2007 (September 30, 2006, for Oklahoma Housing Finance Agency and December 31, 2006, for Oklahoma Transportation Authority, Grand River Dam Authority and Municipal Power Authority), which have scheduled debt service amounts (expressed in thousands).

	2008	2009	2010	2011	2012	2013-2017	2018-2022	2023-2027	2028-2032	2033-2037	Total
General Obligation Bonds:											
Industrial Finance Authority	$ 4,786	$ 4,798	$ 4,729	$ 4,742	$ 4,172	$ 18,179	$ 51,521	$ -	$ -	$ -	$ 92,927
	4,786	4,798	4,729	4,742	4,172	18,179	51,521	-	-	-	92,927
Less: Interest	3,111	3,038	2,959	2,877	2,787	13,014	5,711	-	-	-	33,497
Total Principal	1,675	1,760	1,770	1,865	1,385	5,165	45,810	-	-	-	59,430
Revenue Bonds:											
Student Loan Authority	40,580	48,424	40,147	40,146	40,146	200,731	200,731	267,772	473,633	613,871	1,966,181
Development Finance Auth.	536	536	536	536	536	2,678	2,678	2,678	12,142	-	22,856
Environmental Finance Auth.	-	-	-	-	-	-	-	-	-	-	-
Housing Finance Agency	52,940	41,110	41,588	38,577	35,333	175,839	166,423	165,123	577,339	-	1,294,272
Turnpike Authority	73,493	91,285	92,788	93,357	94,961	452,606	425,622	367,267	145,126	-	1,836,505
Grand River Dam Authority	93,569	93,416	93,253	93,076	93,594	221,672	-	-	-	-	688,580
Municipal Power Authority	33,093	33,061	33,041	32,995	33,043	157,938	147,674	112,976	12,094	-	595,915
University Hospitals Authority	3,203	3,203	3,226	3,213	16,133	16,392	16,564	16,485	16,410	-	94,829
Centennial Commeration Fund	1,133	1,141	1,152	1,053	707	-	-	-	-	-	5,186
Higher Education	70,586	71,198	71,435	71,771	71,676	326,166	287,439	253,950	192,812	90,556	1,507,589
	369,133	383,374	377,166	374,724	386,129	1,554,022	1,247,131	1,186,251	1,429,556	704,427	8,011,913
Less: Interest	204,109	213,627	203,876	198,058	192,953	783,587	617,183	458,088	381,076	70,396	3,322,953
Total Principal	165,024	169,747	173,290	176,666	193,176	770,435	629,948	728,163	1,048,480	634,031	4,688,960
Notes Payable:											
Multiple Injury Trust Fund	4,244	4,052	4,052	4,052	4,052	20,260	20,260	20,260	15,133	-	96,365
Student Loan Authority	26,566	3,500	3,500	3,500	51,944	4,046	4,046	24,168	1	23	121,294
Municipal Power Authority	4,517	4,517	4,517	4,517	4,517	22,584	22,583	22,583	9,033	-	99,368
Higher Education	12,685	10,836	46,149	9,173	8,719	45,888	26,647	18,988	16,247	14,050	209,382
	48,012	22,905	58,218	21,242	69,232	92,778	73,536	85,999	40,414	14,073	526,409
Less: Interest	18,534	17,132	14,695	14,266	12,637	44,151	34,434	21,830	6,559	2,141	186,379
Total Principal	29,478	5,773	43,523	6,976	56,595	48,627	39,102	64,169	33,855	11,932	340,030
Capital Leases:											
University Hospitals Authority	300	301	47	-	-	-	-	-	-	-	648
Higher Education	64,290	61,419	59,428	57,406	55,339	241,161	201,294	172,902	167,551	72,368	1,153,158
	64,590	61,720	59,475	57,406	55,339	241,161	201,294	172,902	167,551	72,368	1,153,806
Less: Interest	32,283	31,032	29,762	28,545	27,285	118,808	92,949	68,117	40,334	5,722	474,837
Total Principal	32,307	30,688	29,713	28,861	28,054	122,353	108,345	104,785	127,217	66,646	678,969
Total	$ 228,484	$ 207,968	$ 248,296	$ 214,368	$ 279,210	$ 946,580	$ 823,205	$ 897,117	$ 1,209,552	$ 712,609	$ 5,767,389
Adjusted for: Net Discounts and Deferred Debits on Refundings											(76,538)
Long-Term Obligations without scheduled debt service:											
Claims and Judgments											975,030
Due to Primary Government											-
Compensated Absences											92,771
Other Noncurrent Liabilities											383,806
Total Long-Term Obligations											$ 7,142,458

B. Revenue Bonds

The **Oklahoma Student Loan Authority** (OSLA) has issued nineteen series of revenue bonds. The bonds are issued for the purpose of funding student loans. All bonds payable are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective bond resolution. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in bond indentures. At June 30, 2007, the variable interest rates ranged from 3.78% to 5.54%.

The **Oklahoma Development Finance Authority** (ODFA) has issued a revenue bond to fund loans to various investment enterprises in connection with the Quality Jobs Investment Program. The bond is payable solely from and secured by the revenues and funds in the Quality Jobs Investment Program and a Credit Enhancement Reserve Fund guarantee insurance policy. The interest rate is variable and is equal to the Oklahoma Industrial Finance Authority's cost of funds on its outstanding variable rate bond issues. The interest rate at June 30, 2007 was 5.36%.

The **Oklahoma Housing Finance Agency** (OHFA) has issued 35 series of revenue bonds with outstanding balances at year end. The net proceeds of these bonds are used to provide financing for qualifying residences, provide interim and permanent financing for multi family construction projects, and establish debt service reserves as required by the various trust indentures.

The **Oklahoma Turnpike Authority** (OTA) has issued six series of revenue bonds with an original issue amount of $1,892,240,000. The bonds are issued for the purpose of financing capital improvements and new projects relating to the State's turnpike system and are financed primarily by tolls assessed on users of the turnpikes.

The **Grand River Dam Authority** (GRDA) has issued four series of revenue bonds with an original issue amount of $1,042,956,000. Oklahoma statutes have authorized GRDA to issue revenue bonds not to exceed $1,410,000,000.

The **Oklahoma Municipal Power Authority** (OMPA) has issued eight series of revenue bonds. The bonds are issued to finance portions of OMPA's acquisition and construction activities. The bonds are payable from and collateralized by a pledge of and security interest in the proceeds of the sale of the bonds, the revenues of OMPA, and assets in the funds established by the respective bond resolutions. Neither the State of Oklahoma nor any political subdivision thereof is obligated to pay principal or interest on the bonds. OMPA does not have any taxing authority. Certain series of the bonds have a variable interest rate which is established either by auction or a weekly index. The maximum rate is 14%.

The **University Hospitals Authority** (UHA) has issued two revenue bond series (2005A-Tax Exempt and 2005B-Taxable) with an original issue amount of $55,460,000. The proceeds will be used to finance construction of new pediatric ambulatory care facilities and a basic research center.

Twenty-six of the State's colleges and universities within the **Higher Education** component unit have authorized and issued 73 series of revenue bonds with an original issue amount of $973,205,000. These bonds were issued for the construction of student housing and other facilities. Student fees, revenues produced by the constructed facilities, and other revenues collateralize the revenue bonds.

C. Defeased Bonds

In prior years, component units have defeased bonds by placing assets in irrevocable trusts to provide for all future debt service payments on the defeased bonds. Accordingly, the trusts' assets and the liability for the defeased bonds are not included in the accompanying financial statements. The following defeased bonds were outstanding at June 30, 2007 (December 31, 2006 for OTA, GRDA, and OMPA) (expressed in thousands).

Revenue Bonds			
OTA	GRDA	OMPA	Higher Education
$ 3,000	$ 50,850	$ 45,830	$ 31,245

D. Notes Payable

The **Multiple Injury Trust Fund** (MITF) component unit reports a note payable to **CompSource Oklahoma** component unit of $46,921,000, as permitted by statute. Included in this note payable is a $6,000,000 advance on a line of credit not to exceed $11,300,000. The remaining $5,300,000 has not been advanced. The note and line of credit bear interest at a 7% rate and are payable over 30 years in quarterly installments. The note and line of credit are collateralized by MITF revenues and any equity or other interests available to MITF.

Notes of the **Oklahoma Student Loan Authority** (OSLA) are issued to fund student loans and are primarily secured by the student loans receivable, related accrued interest and by the amounts on deposit in the accounts established under the respective financing agreements. Variable interest rates are adjusted periodically based on prevailing market rates of various instruments as prescribed in lending agreements. At year end the variable interest rates ranged from 3.78% to 6.35%.

The **Oklahoma Municipal Power Authority** (OMPA) has issued $57,739,000 of taxable limited obligation notes. The notes are payable solely from lease payments made by FPL Energy Oklahoma Wind, LLC with no recourse to OMPA. The notes bear an interest rate of 6%, and annual principal and interest payments are due through December 31, 2028.

The **Higher Education** component unit has entered into various notes payable agreements. Lease payments, a pledge of "Section Thirteen Fund State Educational Institutions" moneys, the equipment purchased, and the facilities constructed are pledged as collateral on the notes.

E. Capital Leases

The **Higher Education** component unit has entered into agreements with unrelated parties as well as agreements with the Oklahoma Capital Improvement Authority (OCIA) to lease various facilities, equipment and improvements. In fiscal year 1999, the Higher Education component unit signed capital lease agreements with OCIA totaling $49,178,000 and

additional agreements totaling $515,350,000 during fiscal year 2006. The outstanding principal balance for these OCIA leases at June 30, 2007, is $538,793,000. Only the principal balance of the leases is recognized since it is equivalent to the value of the items leased. The OCIA agreements are aggregated with the other capital lease obligations on the statement of net assets for year end.

Leased assets under capital leases in capital assets at June 30, 2007, included the following (expressed in thousands).

	Land	Construction In Progress	Buildings	Equipment	Total
Cost	$ 470	$ 16,591	$ 114,279	$ 53,991	$ 185,331
Less: Accumulated depreciation	-	-	(14,339)	(31,870)	(46,209)
Total	$ 470	$ 16,591	$ 99,940	$ 22,121	$ 139,122

F. Other Liabilities and Arbitrage Rebate Liability

Claims and judgments, due to primary government, compensated absences, and other noncurrent liabilities of each component unit, as presented in the financial statements, will be liquidated by the reporting component unit. Other noncurrent liabilities include deferred revenue and other miscellaneous liability amounts. These liabilities do not have scheduled future debt service requirements beyond one year.

The Tax Reform Act of 1986 imposed additional restrictive regulations, reporting requirements and arbitrage rebate liability on issuers of tax-exempt debt. At June 30, 2006 (December 31, 2005 for OTA and GRDA), the cumulative arbitrage rebate liability is as follows (expressed in thousands).

Reported as:	OSLA	GRDA
Accounts payable	$ -	$ 241
Other liabilities	221	-

G. Authorized Unissued Bonds

By statute, **Oklahoma Industrial Finance Authority** (OIFA) has authority to issue general obligation bonds not to exceed $90,000,000 plus the any balance in its bond redemption account. This results in $30,721,000 of authorized but unissued general obligation bonds. Certain institutions within the **Higher Education** component unit have been authorized to issue revenue bonds in the amount of $403,700,000 for various construction, renovation and acquisition of property.

Note 12. Beginning Fund Balance/Net Assets Adjustments and Other Restatements

Primary Government

Beginning net assets related to Governmental Activities on the Statement of Net Assets have been restated due to accounting errors ($17,485,000), certain transactions being crossed between fund types ($6,326,000) and adjustments to capital assets ($15,204,000). This restatement decreased beginning net assets by $39,015,000 at July 1, 2006.

Pension and Other Employee Benefit Trust Funds

Beginning net assets on the Statement of Changes in Fiduciary Net Assets for Fiduciary Funds and Similar Component Units have been restated due to a reclassification of the Oklahoma State Employees and Education Group Insurance Board ($165,953,000) and a change in accounting principle for the same entity ($18,220,000). The net effect of these changes increased beginning net assets by $184,173,000 at July 1, 2006.

Component Units

Beginning net assets for the Higher Education Component Unit have been restated due to accounting errors and the reclassification of certain funds. The net effect of the restatements reduced net assets by $3,851,000 as of July 1, 2006.

Beginning net assets for Component Units on the Statement of Net Assets have been restated due to a reclassification of the Oklahoma State Employees and Education Group Insurance Board. This entity was formerly classified as a component unit of the State. This entity is now classified as a pension trust and other employee benefit trust fund. The result of this reclassification reduced the component units' net assets by $165,953,000 at July 1, 2006.

Beginning net assets for Component Units have also been restated due to the inclusion of the Oklahoma Centennial Commemoration Fund. This fund was not previously presented with the component units. The net effect of this reclassification increased the component units' net assets by $7,932,000 at July 1, 2006.

As a result of the above adjustments, component units beginning net assets on the Statement of Net Assets were reduced by $161,872,000 at July 1, 2006.

Note 13. Nonrecourse Debt and Debt Guarantees

Nonrecourse (Conduit) Debt, Notes Receivable and Funds in Trust

Financing agreements of Oklahoma Development Finance Authority (ODFA) and Oklahoma Housing Finance Agency (OHFA) are structured such that the debt is to be repaid solely from the revenues derived from the related facilities leased or acquired, or from the disposition of collateral. ODFA and OHFA do not hold notes receivable and trust investments in amounts equal to the long-term financings. As of June 30, 2007, ODFA had 224 series of debt outstanding for non-state entities with an aggregate principal amount payable of approximately $1,500,000,000 and original issuance amount of approximately $1,200,000,000. As of September 30, 2006, OHFA had 3 series of multi family bonds outstanding with an aggregate principal amount payable of approximately $12,841,000. These financings are not the general obligations of the State or state agencies, and it is the opinion of agency management and its legal counsel that, in the event of default by a borrower, the State has no responsibility for repayment of such financings. Accordingly, the nonrecourse debt and the related notes receivable and trust investments of ODFA and OHFA's multi family bond programs have been excluded from the financial statements. The debt and other obligations and the related notes receivable and other assets of OHFA's single family bonds are presented in the financial statements, since any assets remaining when the single family bond programs are liquidated are transferred to OHFA.

Credit Enhancement Reserve Fund

Under the Constitution of the State of Oklahoma, ODFA may issue bonds of the State, to be known as Credit Enhancement Reserve Fund General Obligation Bonds, in a total principal amount of $100,000,000 for the sole purpose of generating resources if there are insufficient assets to meet insurance obligations. The Fund is managed, administered, and utilized by ODFA solely to secure the payment of interest insurance on the revenue bonds and other financial obligations issued by the Authority for the specific purpose of enhancing and supporting the credit of such obligations. As of June 30, 2007, there were approximately $41,000,000 of outstanding financial obligations insured by ODFA. At year end, the Fund has accrued a reserve for losses of approximately $51,000, to cover potential losses from outstanding financial obligations insured by the Fund. Through June 30, 2007, there have been no Oklahoma Credit Enhancement Reserve Fund General Obligation Bonds issued since it is the intention of ODFA to utilize existing assets to meet obligations arising from losses reserved and accrued payments in lieu of interest by the Fund.

Note 14. Retirement and Pension Systems

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that administer pension plans: Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Law Enforcement Retirement System (OLERS), Oklahoma Public Employees Retirement System (OPERS), Uniform Retirement System for Justices and Judges (URSJJ), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS). These plans are all fiduciary component units of the State. The Department of Wildlife Conservation administers the

Wildlife Conservation Retirement Plan (WCRP) which is part of the primary government. The Oklahoma Housing Finance Authority has a defined contribution plan that is privately administered.

A. Primary Government

1. General Description of the Retirement System

The Wildlife Conservation Retirement Plan (WCRP) is a single-employer defined benefit retirement system administered by the Wildlife Conservation Commission for employees of the Department of Wildlife Conservation. The WCRP provides retirement, disability and death benefits to plan members and their beneficiaries. The WCRP was established by statute, however, benefit provisions are established and amended by the Wildlife Conservation Commission. Cost-of-living adjustments are provided to members at the discretion of the Wildlife Conservation Commission.

The Wildlife Conservation Retirement Plan is included in the audit report of the Department of Wildlife Conservation. This report may be obtained from the Department of Wildlife Conservation, 1801 N. Lincoln, Oklahoma City, OK 73105.

2. Funding Policy

The Wildlife Conservation Retirement Plan required contribution is determined by the Wildlife Conservation Commission and is based on actuarial calculations.

The Wildlife Conservation Retirement Plan receives contributions from each member based on their annual covered salary. The contribution requirements are established and amended by the Wildlife Conservation Commission. For fiscal year 2007, the employee contribution rate was 3%. The Department of Wildlife Conservation is required to contribute at an actuarially determined rate. The required contribution for the year ended June 30, 2007 was $2,895,000.

3. Annual Pension Cost and Net Pension Obligation

The current year annual pension cost and net pension obligation for the Wildlife Conservation Retirement Plan was as follows (expressed in thousands):

	WCRP
Annual required contribution	$ 2,895
Interest on net pension obligation	153
Adjustment to annual required contribution	(244)
Annual pension cost	2,804
Contributions made	3,009
Increase (decrease) in net pension obligation	(205)
Net pension obligation-beginning of year	1,908
Net pension obligation-end of year	$ 1,703
Actuarial Assumptions:	
Investment rate of return	8.0%
Annual salary increase	5.0%
COLA increase	2.0%
Inflation rate	3.0%
Acuarial cost method	Entry age normal
Amortization method	Level dollar, closed
Remaining amortization period	12 years

The annual required contribution for the WCRP for the current year was determined as part of the July 1, 2007 actuarial valuation. Actual contributions equaled 104% of required contributions and 107% of annual pension costs for fiscal year 2007. The actuarial value of assets is set equal to the market value of assets.

Three-Year Trend Information
Wildlife Conservation Retirement Plan
(expressed in thousands)

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
6/30/2007	$ 2,804	107%	$ 1,703
6/30/2006	2,559	98%	1,908
6/30/2005	2,034	123%	1,857

The following Required Supplementary Information for the Wildlife Conservation Retirement Plan was determined as part of the actuarial valuations at the dates indicated.

Schedule of Funding Progress
Wildlife Conservation Retirement Plan
(unaudited)
(expressed in thousands)

Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2007	$ 66,932	$ 82,876	$ 15,944	80.8%	$ 13,492	118.2%
7/1/2006	61,761	76,823	15,062	80.4%	13,311	113.2%
7/1/2005	59,111	72,602	13,491	81.4%	13,237	101.9%

B. Component Units

1. General Description of the Retirement Systems

The Oklahoma Firefighters Pension and Retirement System (OFPRS), Oklahoma Public Employees Retirement System (OPERS), Oklahoma Police Pension and Retirement System (OPPRS), and the Teachers' Retirement System of Oklahoma (TRS) are all cost-sharing multi-employer defined benefit retirement systems. The Uniform Retirement System for Justices and Judges (URSJJ) and the Oklahoma Law Enforcement Retirement System (OLERS) are single-employer defined benefit retirement systems. Pension benefit provisions for all plans were established by statute and benefit provisions are amended by the State Legislature. Each plan provides retirement, disability, and death benefits to plan members and their beneficiaries. Cost-of-living adjustments are provided to plan members at the discretion of the State Legislature.

Separately issued independent audit reports for each pension plan may be obtained from the following:

Firefighters Pension and Retirement
4545 N. Lincoln Blvd., Suite 265
Oklahoma City, OK 73105-3414

Law Enforcement Retirement
4545 N. Lincoln Blvd., Suite 257
Oklahoma City, OK 73105-3414

Police Pension and Retirement
1001 N.W. 63rd St., Suite 305
Oklahoma City, OK 73116-7339

Public Employees Retirement
5801 N. Broadway Ext., Suite 400
Oklahoma City, OK 73118

Uniform Retirement System for Justices and Judges
5801 N. Broadway Ext., Suite 400
Oklahoma City, OK 73118

Teachers' Retirement System
500 N. Lincoln Blvd., 7TH Floor
Oklahoma City, OK 73105-4209

The number of participating employers in cost-sharing multiple employer plans is as follows:

OFPRS	OPERS	OPPRS	TRS
580	150	124	629

During fiscal year 2007, the Teachers' Retirement System's unfunded liability decreased from $7,673,000,000 to $7,603,000,000. This decrease was primarily due to new legislation (SB 357) which increases future employer contribution rates, strong investment results in fiscal year 2007, and an increase in the State revenue, which drive the State's contribution. Based on current statutes for determining the state, federal, and employer contribution rates, the funded period which is the number of years that would be required to amortize the unfunded actuarial liability (the "UAAL") is 21.6 years.

2. Funding Policy

The contribution requirements for the six PERS are an established rate determined by the State Legislature each year and are not based on actuarial calculations. The Uniform Retirement System for Judges and Justices Board has the ability to adjust contribution rates to prevent a funded ratio of less than 100%.

Oklahoma Firefighters Pension and Retirement System (OFPRS) receives contributions from participating full-time firefighters equal to 8% of applicable earnings, while member cities contribute 13% of the member's applicable earnings. In addition, the member cities contribute $60 for each volunteer firefighter unless their income in the general fund is less than $25,000, in which case they are exempt. Effective July 1, 2006, House Bill 1179 provided a 4% cost-of-living allowance for members receiving benefits as of June 30, 2005. In addition, House Bill 1179 lowered the percentage of dedicated revenues to be received from insurance premium taxes from 41.7% to 34%, effective July 1, 2006. To compensate the Plan for the reduction in insurance taxes, Senate Bill 90 appropriated $35,000,000 to the Plan. The State of Oklahoma's total allocation to the Plan during 2007 was $91,000,000, which represented the 34% insurance premium tax allocation and the Senate Bill 90 appropriation. Insurance premium contributions to the plan for the years ended June 30, 2007, 2006, and 2005 totaled $56,000,000, $58,000,000, and $58,000,000, respectively.

Oklahoma Law Enforcement Retirement System (OLERS) receives contributions from state agencies and members of 10% and 8%, respectively, of the actual paid base salary of each member. OLERS also receives other state contributions of 1.2% of all fees, taxes, and penalties collected by motor license agents after approximately the first 5%, and 6.1% of the insurance premium taxes collected by the insurance commissioner as required by statute. The other state contributions to the plan for years ended June 30, 2007, 2006, and 2005 totaled $18,162,000, $16,152,000, and $16,045,000, respectively.

Oklahoma Public Employees Retirement System (OPERS) receives contributions from each member based on their gross salary earned, excluding overtime. There is no cap on qualifying gross salary earned, subject to Internal Revenue Service limitations on compensation.

State, County, and Local Agency Employees - The following contribution rates were in effect during fiscal year 2007:

State employees and agencies – State employees contribute 3.5% on all salary. State agency employers contribute 12.5% of total salary.

Participating county and local agencies – Employees contribute a minimum of 3.5% up to a maximum of 8.5% of salary. Employers contribute a minimum of 7.5% up to a maximum of 12.5%. Combined employee and employer contributions equal 16% of total salary.

Elected Officials - Elected officials' employee contributions are based on the maximum compensation levels set for all members and the participating employers are required to contribute on the elected officials' covered salary using the same percentage and limits as applicable for state agencies. Elected officials must select an employee contribution rate of 4.5%, 6.0%, 7.5%, 8.5%, 9.0%, or 10.0%.

Hazardous Duty Members – Hazardous Duty Members contribute 8% of total salary. Employers contribute 12.5% of total salary.

State agency employer contributions to OPERS for the years ended June 30, 2007, 2006, and 2005 were $166,432,000, $143,823,000, and $117,416,000, respectively. These contributions represent 100% of the contribution required.

Uniform Retirement System for Justices and Judges (URSJJ) member contribution for fiscal year 2007 are 8% of members' monthly salary. State statutes require participating court employers to contribute monthly a percentage of the gross salaries of active members. Effective for the fiscal year ended June 30, 2007, the employer contribution rate increased to 4.0% of payroll and will increase 1.5% annually up to 22% for the fiscal years ending June 30, 2019, and thereafter.

Oklahoma Police Pension and Retirement System (OPPRS) receives contributions from each participating municipality and each participant. Until July 1, 1991, each municipality contributed 10% of the actual base salary of each participant employed by the municipality. Beginning July 1, 1991, municipality contributions increased by 0.5% per year and continued until July 1, 1996, when the contribution level reached 13%, where it remains. Each participant of OPPRS contributes 8% of actual paid base salary. In addition, the State allocates a portion of the insurance premium taxes collected from insurance companies on various types of insurance policies as required by statute. Insurance premium contributions to the plan for the years ended June 30, 2007, 2006, and 2005 totaled $28,122,000, $23,584,000, and $23,730,000, respectively.

Teachers' Retirement System (TRS) receives contributions from participating members and employers. All active members contribute to the system; however, the employer may elect to make all or part of the contribution for its employees. All members must contribute 7% of regular annual compensation, not to exceed the members' maximum compensation. For members other than those employed by a comprehensive university on or before June 30, 1995, the maximum compensation level will be the member's regular annual compensation. For those members employed by a comprehensive university, the following table summarizes the maximum compensation level.

Fiscal Year	For Members Who Elected the $25,000 Limit Prior to June, 30 1995	For All Other Members
2005	67,500	84,000
2006	72,500	89,000
2007	77,500	94,000

Maximum compensation levels will increase by $5,000 each year through June 30, 2007, after which the full amount of regular annual compensation will be considered.

Employers are required to contribute a fixed percentage of annual compensation on behalf of active members. The employer contribution rate was 7.05% from July 1, 2006 to December 31, 2006 and 7.6% from January 1, 2007 to June 30, 2007 for all remitting entities other than comprehensive and four year universities. The employer contribution rate for comprehensive and four year universities was 7.05%. New legislation enacted in 2007 will systematically raise employer contribution rates for all entities other than comprehensive and four year universities to 9.5% on January 1, 2010 and thereafter. Employer contribution rates for comprehensive and four year universities will also systematically increase to 8.55% on January 1, 2010 and thereafter. Oklahoma statutes require the state to contribute 4.5% of the State's sales, income and use tax. Amended statutes increase this contribution rate to 5% by July 1, 2007. In addition, the system receives 1% of the cigarette taxes collected by the State and receives 5% of net lottery proceeds collected by the State. TRS received contributions of approximately $244,000,000 from this source for fiscal year 2007. State contributions on behalf of employees totaled approximately $36,366,000 for fiscal year 2007. State employer contributions to TRS for the year ended June 30, 2007, 2006, and 2005 were $5,376,000, $4,774,000, and $4,423,000, respectively. These contributions represent 100% of the contribution required.

3. Annual Pension Cost and Net Pension Obligation

The State's annual pension cost and net pension obligation (excess funding is represented as negative amounts) for the current year were as follows (expressed in thousands):

	OLERS	URSJJ
Annual required contribution	$ 32,503	$ 5,936
Interest on net pension obligation	(1,060)	(771)
Adjustment to annual required contribution	1,544	1,002
Annual pension cost	32,987	6,167
Contributions made	24,443	1,224
Increase (decrease) in net pension obligation	8,544	4,943
Net pension obligation-beginning of year	(14,135)	(10,635)
Net pension obligation-end of year	$ (5,591)	$ (5,692)
Actuarial Assumptions:		
Investment rate of return	7.5%	7.25%
Annual salary increase	1 - 5%	5.5%
COLA increase	3.0%	2.0%
Inflation rate	3.3%	2.5%
Acuarial cost method	Entry age normal	Entry age normal
Amortization method	Level dollar, closed	Level dollar, closed
Remaining amortization period	14 years	21 years

The annual required contribution for URSJJ for the current year was determined as part of the July 1, 2006 actuarial valuation. For the period July 1, 1994, through July 1, 1999, the aggregate actuarial cost method was used to determine cost. Effective July 1, 2000, URSJJ adopted the entry age normal method for determining cost. Contributions equaled 21% of the annual required contributions for the current year.

The annual required contribution for OLERS for the current year was determined as part of the July 1, 2006 actuarial valuation. Costs were prepared using the entry age normal method for all valuation dates except July 1, 1997, when the unfunded actuarial liability was negative and the actuarial cost method was changed to the aggregate cost method. The entry age normal method was used for all valuations subsequent to the 1997 valuation, including the current year. Contributions equaled 75% of the annual required contributions for the current year.

For actuarial purposes, assets are determined equal to the prior year's actuarial value of assets plus cash flow (excluding realized and unrealized gains or losses) for the year ended on the valuation date, assuming a 7.25% rate of return for URSJJ and 7.5% rate of return for OLERS. Prior year's unrecognized gains and losses are added to this amount to develop expected actuarial value. The expected actuarial value is then compared to the market value of the assets at the valuation date, and 20% of any gain (loss) for the last five years is added to the expected actuarial value. The gain (loss) is amortized over five years with the actuarial value of the assets being constrained to a range of 80% to 120% of the market value at the valuation date.

Three-Year Trend Information

(expressed in thousands)

	Fiscal Year Ending	Annual Pension Cost (APC)	Percentage Of APC Contributed	Net Pension Obligation
Oklahoma Law Enforcement Retirement System	6/30/2007	$ 32,987	75%	$ (5,591)
	6/30/2006	39,290	56%	(14,135)
	6/30/2005	34,822	61%	(31,402)
Uniform Retirement System for Justices and Judges	6/30/2007	6,167	20%	(5,692)
	6/30/2006	4,683	17%	(10,635)
	6/30/2005	2,471	19%	(14,527)

The following Required Supplementary Information for OLERS and URSJJ was determined as part of the actuarial valuations at the dates indicated.

Schedules of Funding Progress

Oklahoma Law Enforcement Retirement System

(unaudited)

(expressed in thousands)

Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2007	$ 697,560	$ 840,557	$ 142,997	83.0%	$ 63,764	224.3%
7/1/2006	651,671	772,269	120,598	84.4%	57,116	211.1%
7/1/2005	630,245	751,772	121,527	83.8%	50,901	238.7%

Uniform Retirement System for Judges and Justices

(unaudited)

(expressed in thousands)

Acturial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (b-a)/c
7/1/2007	$ 224,578	$ 227,062	$ 2,484	98.9%	$ 32,192	7.7%
7/1/2006	210,376	205,305	(5,071)	102.5%	27,488	(18.4%)
7/1/2005	203,951	187,557	(16,394)	108.7%	24,814	(66.1%)

4. Other Retirement Systems

The Oklahoma Housing Finance Agency (OHFA), a component unit of the State, contributes to the Oklahoma Housing Finance Agency Retirement Plan, which is a defined contribution plan. Under its provisions, all new employees are required to participate in the Oklahoma Public Employees Retirement System (OPERS), and are not eligible to join the OHFA plan after June 30, 1997. OHFA's contribution amount is at the discretion of the Board of Trustees and does not have any limitations. The current contribution rate is 12.5% of eligible employees' compensation. Employees begin vesting after two years of service and become fully vested after six years of service. Plan provisions were established and may be amended by the Board of Trustees.

In addition to the TRS, various institutions in the Higher Education Component Unit participate in other pension plans, primarily the Teachers Insurance and Annuity Association. These plans are defined contribution plans. Contributions made by participating institutions are based on a percentage of payrolls for qualified employees as determined by each institution's contract. For those institutions providing these plans, the total covered payroll was $743,527,000. The institution contributions were $60,623,000 or 8.2% of covered payroll. Employees are not required to contribute to the plans.

Several institutions in the Higher Education Component Unit also sponsor supplemental retirement annuities to guarantee eligible retirees a minimum level of benefits from other retirement sources. New employees are not eligible to participate in these plans. These annuities operate as defined benefit plans. Funding varies among institutions, with some funding based on actuarial calculations and others on a pay-as-you-go basis. Employees are not required to contribute to these plans.

Note 15. Other Postemployment Benefits

1. General Description of the Other Postemployment Benefit Plan

The Oklahoma State and Education Employee Group Insurance Board (OSEEGIB) is a cost-sharing, multi-employer defined benefit other postemployment benefit (OPEB) plan. The plan is a legal trust for administering, managing and providing group

health, dental, life and disability plans and benefits to active employees and retirees of state agencies, school districts and other governmental units. The plan also provides coverage for employee and retiree dependents when so elected. This plan was established under State statute Title 74, sections 1301 et seq. as amended. OSEEGIB has an eight member board that administers the plan and is charged with the fiduciary responsibility of managing the funds and investing the assets of the plan. The OSEEGIB OPEB plan issues an independent audit report that may be obtained from the Oklahoma State and Education Employees Group Insurance Board, 3545 NW 58th, Suite 1000, Oklahoma City, OK 73112-4725. At December 31, 2006, OSEEGIB had 132 divisions of the state, 618 school districts, 297 local government entities and 32 other groups participating in the plan. There were also contributions received and health benefits provided to 92,000 dependents associated with the employer participants.

2. Funding Policy

The Oklahoma State and Education Employees Group Insurance Board, a legal trust, has modeled its operations to emulate an insurance company. The OSEEGIB board has the authority to amend the plan structure and set premium or contribution rates each year. The board utilizes an outside consultant to analyze actual claims experience and establish contribution or premium rates on a calendar year basis. The plan is also an access provider to other health and dental plans, primarily board approved health maintenance organizations (HMOs) and dental maintenance organizations (DMOs). All eligible plans are added to the pool of benefits a participant may select from.

OSEEGIB receives monthly premium contributions from all participants. Actively employed participants and retirees paid a premium that ranged from a low of $292 to a high of $515 per month in fiscal year 2006, depending on the type of plan selected for health insurance coverage. A participant may also elect combined coverage for themselves, their spouse and dependents. These premiums ranged from a low of $657 to a high of $1,604 per month in fiscal year 2006, depending on the type of plan selected for health insurance coverage. Although various other types of insurance coverage are available to participants, health coverage represents the material cost to the plan. All premium contributions for active state employees and their dependents are collected by the Employee Benefits Council, a department of the State, and remitted to the Plan or other approved provider as elected by the employee.

The State has three cost-sharing multi-employer retirement systems that make payments into the plan on behalf of retirees should the retiree so elect. These plans are the Oklahoma Public Employees Retirement System (OPERS), the Uniform Retirement System for Justices and Judges (URSJJ), and the Teachers' Retirement System of Oklahoma (TRS). The State also has one single employer retirement system that makes payments to the plan on behalf of retirees, the Oklahoma Law Enforcement Retirement System (OLERS). As mandated by statute, these plans pay between $100 and $105 per month into the plan on behalf of retirees if so elected. For fiscal years 2007, 2006 and 2005 the retirement systems paid into the plan as follows, representing 100% of the required contributions:

	FY 2007 Contributions	FY 2006 Contributions	FY 2005 Contributions
OPERS	$ 17,100,000	$ 17,000,000	$ 17,106,000
URSJJ	129,000	127,000	125,000
TRS	30,492,000	30,422,000	30,934,000
OLERS	703,000	651,000	622,000
	$ 48,424,000	$ 48,200,000	$ 48,787,000

Note 16. On-Behalf Payments

The Teacher's Retirement System (TRS) of Oklahoma receives 4.5% of the State's sales, use, corporate and individual income taxes collected as dedicated tax. Senate Bill 1376, which became law in July 2002, provides that the percentage of the State's collected dedicated taxes allocated to the TRS will increase from 4.5% to 5.0% on July 1, 2007 and thereafter. The System receives 1% of the cigarette taxes collected by the State and receives 5% of the net lottery proceeds collected by the State. The System received approximately $244,000,000 from the State for the year ended June 30, 2007.

Note 17. Commitments

Primary Government

The **Department of Transportation** had contractual commitments at June 30, 2007, of approximately $557,066,000 for the construction of various highway projects. Future appropriations will fund these commitments as work is performed.

The **Department of Human Services** (DHS) maintains a construction unit which engages in capital improvements of state buildings. At year end, DHS had long-term projects totaling $54,646,000 for the General Fund.

Component Units

The **University of Oklahoma** had outstanding commitments under construction contracts totaling $75,742,000 at June 30, 2007.

Oklahoma State University had outstanding commitments under construction contracts of approximately $85,245,000 at June 30, 2007. In addition, Cowboy Athletics, Inc., a component unit of Oklahoma State University, had significant construction in process on several projects which will be contributed to the University upon completion. At December 31, 2006, approximately $23,384,000 was spent on these projects and management's estimated cost to complete the projects is approximately $207,000,000.

The **Oklahoma Student Loan Authority** (OSLA) has entered into various forward purchase and sale commitment agreements with certain Oklahoma financial institutions for which it performs interim status loan servicing. Under these forward purchase and sale commitments, OSLA is required to purchase Federal Family Education Loans (FFEL) under certain terms and conditions. As of June 30, 2007, OSLA was committed to purchase approximately $214,256,000 of FFEL.

The **Oklahoma Turnpike Authority** (OTA) had commitments outstanding at December 31, 2006, relating to equipment orders and supplies of approximately $1,375,000. At December 31, 2006, OTA had commitments outstanding relating to construction and maintenance contracts of approximately $37,189,000.

The **Oklahoma Municipal Power Authority** (OMPA) purchased approximately $11,700,000 of power pursuant to several long-term purchase agreements during 2005. OMPA is obligated to purchase, at a minimum, approximately $11,400,000 of power in 2007.

The **University Hospitals Authority and University Hospitals Trust** (TUH) approved a construction and equipment project. Under the agreement, TUH is obligated to pay approximately $19,670,000 in planned capital expenditure allocation. At June 30, 2007, approximately $19,345,000 has been paid by TUH.

The **Grand River Dam Authority** makes and receives commitments for purchases of coal and other materials. The Authority had contractual commitments at December 31, 2006 for long-term coal and freight purchases under contracts through 2011 with estimated minimum obligations for the year ending December 31, 2007 of $75,090,000 and $434,490,000 through 2011.

Oklahoma Education Television Authority is in the process of conversion to digital transmission as established by the Federal Communication Commission on May 1, 2003. The total estimated cost of the digital conversion is currently estimated to be $34,000,000. OETA has incurred approximately $13,720,000 in costs leaving a balance of $20,820,000. OETA has total funds on hand or committed of less that $1,863,000 resulting in an estimated shortfall of $18,417,000. State appropriations have been requested to cover unfunded future obligations.

Note 18. Litigation and Contingencies

The State and its component units are parties to numerous legal proceedings, many of which normally occur in governmental operations. Such litigation includes, but is not limited to, claims assessed against the State for property damage and personal injury, alleged breaches of contract, condemnation proceedings, and other alleged violations of state and federal laws. Certain claims have been adjudicated against the State, but remained unpaid as of June 30, 2007. The State has accrued a liability of $20,000,000 under claims and judgments for the payment of such claims. This amount is reported in the General Fund.

The State receives significant financial assistance from the Federal Government in the form of grants and entitlements, which are generally conditioned upon compliance with terms and conditions of the grant agreements and applicable federal regulations, including the expenditure of the resources for eligible purposes. Substantially all grants are subject to financial and compliance audits by federal agencies. Any disallowance as a result of these audits could become a liability of the State. As of June 30, 2007, the State is unable to estimate what liabilities may result from such audits.

Primary Government

The **Department of Transportation** (DOT) has incurred significant expenditures on construction projects that have exceeded the amounts approved by the federal grantor. These project expenditures are held in suspense until approved by the federal grantor and subsequently reimbursed. Based on prior years' experience, the reimbursement of expenditures is highly probable. At June 30, 2007, the Department of Transportation had project expenditures totaling $1,896,000 that will be reimbursed pending approval of the Federal Government.

The **Oklahoma Water Resources Board** (Board), pursuant to statute, assumed the obligations of the Oklahoma Water Conservation Storage Commission including a 1974 contractual obligation to repay the United States (through the Army Corps of Engineers) for the costs of constructing water supply storage at Sardis Reservoir in southeastern Oklahoma. Under the 1974 contract, annual payments are to be made for the reservoir construction, operation, and maintenance allocated to the present use water supply storage. Total unaudited construction costs of the Sardis Reservoir allocated to water supply storage are approximately $38,400,000. Payments on the reservoir began in 1983 and are to continue for 50 years. As of June 30, 2007, the State has made payments of approximately $4,416,000; however, the Board did not receive legislative authorization to pay the annual payments due in the fiscal years 1989 through 1996. No payments have been made since 1997. The amount in arrears, including interest and penalty is approximately $15,364,000. In June 2006, the 10th U.S. Circuit Court of Appeals ruled that the State of Oklahoma is legally required to perform it's obligations under the 1974 contract. In fiscal 2007, the United States Supreme Court denied review, and the United States claims $71,700,000 is now due. The State has proposed a prospective subcontract of present water storage use for $33,800,000 payable July 1, 2008, but the United States has not responded. The State anticipates pursuing further court proceedings if an agreement cannot be reached; however, the State accrued a liability of $20,000,000 in fiscal 2007 due to the escalating probability of reaching a settlement.

The State Legislature enacted legislation that transferred $31,500,000 of state employee insurance premiums during fiscal year 1997 to the **Oklahoma State Regents for Higher Education** to help fund higher education in the state. These premiums were originally designated to be paid to the **Oklahoma State and Education Employees Group Insurance Board** to provide health insurance coverage for participating employees. In August 1998, the Federal Department of Health and Human Services Departmental Appeals Board sided with the federal government and ordered the State to pay $7,100,000 which represents the amount included in grant costs charged to the federal government. This balance accrues simple interest at a rate of 13.75%, and $8,182,000 in interest has accrued through June 30, 2006. In fiscal year 2004, the State reached an agreement with the Federal Government to repay the total of $15,282,000 in annual installments of $4,000,000 beginning in fiscal year 2004 and continuing until the debt is repaid. A final payment of $3,282,000 was made in fiscal 2007 as settlement of this liability.

Component Units

The **Oklahoma Capital Investment Board** (OCIB), as a public trust of the State of Oklahoma, has authority to transfer tax credits to public entities. Tax credits can be transferred by OCIB in conjunction with a legitimate call on an OCIB guarantee. OCIB also has a $30,000,000 line of credit and a $25,000,000 term loan. As of June 30, 2007, the outstanding debt in connection with the line of credit and term note was approximately $32,956,000. In addition to the long-term debt, OCIB reported a June 30, 2007 net assets deficit of $11,708,000.

The credits and OCIB's right to transfer the credits expire if not utilized by July 1, 2015. As of June 30, 2007, $8,000,000 of tax credits had been transferred. Four entities currently have signed agreements to purchase up to an aggregate of $8,000,000 of tax credits per year, at the sole discretion of OCIB. OCIB has authority to issue up to $20,000,000 of tax credits per year with an overall maximum of $100,000,000.

At December 31, 2006, the **Grand River Dam Authority** (GRDA) was a defendant in six claims related to the alleged flooding of property upstream from Grand Lake in the early 1900s. These six claims are seeking damages in the approximate amount of $10,000,000 and the amount of any damages to be awarded will be determined individually subsequent to trial of each claim.

The Authority is also the defendant in another case which involves approximately 50 landowners claiming a constitutional taking due to flooding. Based on the facts and information presently available, management of the Authority believes that it is reasonably probable that GRDA will incur a material future financial loss in the settlement or other resolution of these flood related cases. As a result, a liability of $4,000,000 has been recorded relating to this contingency.

In late 2005, the **Oklahoma Transportation Authority** (OTA) reached a settlement in a class action litigation related to the OTA's *PIKEPASS* electronic collection system. The settlement received final approval by the Court on December 9, 2005, and included the period from when the *PIKEPASS* electronic collection system was placed in service. The terms of the settlement include (1) *PIKEPASS* travel credits of $6,000,000 that are valid for *PIKEPASS* customers until December 31, 2007; (2) cash payment by OTA of $3,300,000; and (3) other non-monetary benefits including improvements made to the *PIKEPASS* electronic collection system.

Note 19. Subsequent Events

Component Units

University of Oklahoma received the authorization for the issuance of General, Limited and Special Obligation Bonds for $51,250,000 to fund construction and improvement projects including an office facility, residence hall and apartment improvements, and the renovation of the Commons facility.

Oklahoma Student Loan Authority (OSLA) increased by $100,000,000 the commitment amount of credit financing to an available commitment amount of $112,314,000. The Authority also received a Private Activity State Ceiling Allocation of $47,156,000 for tax-exempt debt issuance. A promissory note in the amount of the allocation was issued.

Oklahoma Housing Finance Agency issued single-family mortgage revenue bonds totaling $40,000,000.

Rogers State University issued $10,000,000 in Student Facility Revenue bonds.

Oklahoma Development Finance Agency issued $27,245,000 for the Oklahoma State System of Higher Education Master Equipment Lease Revenue Bonds and $38,510,000 for the Master Real Property Lease Revenue Bonds.

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Guthrie, Oklahoma

Oklahoma's first state capital was host to many activities on November 16th, 1907 when Oklahoma was proclaimed a state. Among many of the festivities of that day, Governor Haskell was sworn into office, a ceremonial wedding of Oklahoma Territory and Indian Territory was held, and a free Bar-B-Q in the park was offered to all. One hundred years later Guthrie staged re-enactments of these historic events and hosted the Oklahoma Centennial Statehood Day Parade.

Required Supplementary Information
Budgetary Schedule

Required Supplementary Information
Budgetary Schedules

State of Oklahoma
Budgetary Comparison Schedule
Budget to Actual (Non-GAAP Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
EDUCATION						
State Arts Council						
01	Duties	$4,443	$0	$4,443	$2,871	$1,572
11	Carryover from FY2006	0	158	158	156	2
Agency Total		4,443	158	4,601	3,027	1,574
Department of Career and Technology Education						
08	Duties	141,287	0	141,287	130,549	10,738
9	Duties	0	2,758	2,758	2,758	0
18	Carryover from FY2006	0	7,500	7,500	7,412	88
Agency Total		141,287	10,258	151,545	140,719	10,826
Department of Education						
01	Financial support of Public Schools	1,214,627	0	1,214,627	1,214,627	0
01	Financial support of Public Schools (Min Lea)	4,560	0	4,560	4,087	473
02	Financial support of Public Schools (Min Lea)	2,844	0	2,844	2,844	0
02	Public School Activities	447,576	0	447,576	417,865	29,711
18	Textbooks	17,369	0	17,369	17,354	15
04	Admin & Support Functions - DOE	6,116	0	6,116	6,116	0
81	Public School Activities	9,515	0	9,515	0	9,515
3	Admin & Support Functions - DOE	24,032	0	24,032	24,032	0
20	Ad Valorem Reimbursement Fund	0	18,800	18,800	18,800	0
Agency Total		1,726,639	18,800	1,745,439	1,705,725	39,714
Commission of the Land Office						
01	Duties	4,829	0	4,829	4,406	423
11	Carryover from FY2006	0	200	200	142	58
Agency Total		4,829	200	5,029	4,548	481
Department of Libraries						
01	Duties	6,848	0	6,848	6,479	369
11	Carryover from FY2006	0	100	100	87	13
Agency Total		6,848	100	6,948	6,566	382
Center for Advancement of Science and Technology						
01	Duties	677	0	677	662	15
02	To Research Support Rev Fund (200)	21,766	0	21,766	21,766	0
11	Carryover from FY2006	0	33	33	33	0
Agency Total		22,443	33	22,476	22,461	15
Physicial Manpower Training Commission						
01	Duties	5,071	0	5,071	5,046	25
03	Duties	400	0	400	400	0
11	Carryover from FY2006	0	14	14	12	2
Agency Total		5,471	14	5,485	5,458	27

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Board of Private Vocational Schools						
11	Carryover from FY2006	0	33	33	33	0
Agency Total		0	33	33	33	0
Oklahoma School of Science and Math						
01	Duties	5,471	0	5,471	4,838	633
02	Pilot Outreach Programs	1,760	0	1,760	1,615	145
11	Carryover from FY2006	0	547	547	547	0
12	Carryover from FY2006	0	108	108	108	0
Agency Total		7,231	655	7,886	7,108	778
Education Total		1,919,191	30,251	1,949,442	1,895,645	53,797
GENERAL GOVERNMENT						
State Auditor and Inspector						
01	Duties	5,820	0	5,820	5,789	31
02	County Govt Personnel Educ & Trng	400	0	400	400	0
11	Carryover from FY2006	0	26	26	26	0
Agency Total		6,220	26	6,246	6,215	31
State Bond Advisor						
01	Duties	185	0	185	185	0
Agency Total		185	0	185	185	0
Department of Central Services						
01	Duties	11,766	0	11,766	10,314	1,452
04	Maintenance of the Hissom Center	152	0	152	71	81
03	For transfer to Bldg & Fac Revolv (Fund 245)	357	0	357	357	0
01	For transfer to Bldg & Fac Revolv (Fund 245)	1,364	0	1,364	1,364	0
02	Duties	0	3,200	3,200	0	3,200
11	Carryover from FY2006	0	632	632	631	1
14	Carryover from FY2006	0	135	135	1	134
Agency Total		13,639	3,967	17,606	12,738	4,868
Department of Commerce						
04	Duties	24,083	0	24,083	21,330	2,753
03	To OK Military Strategic Plng Incent Fund (285)	1,000	0	1,000	1,000	0
11	Carryover from FY2006	0	43	43	12	31
12	Carryover from FY2006	0	325	325	221	104
14	Carryover from FY2006	0	778	778	526	252
33	Carryover from FY2006	0	29	29	0	29
Agency Total		25,083	1,175	26,258	23,089	3,169
State Election Board						
01	Duties	5,130	0	5,130	4,822	308
06	Expenses of Holding Elections	2,580	0	2,580	2,013	567
11	Carryover from FY2006	0	88	88	88	0
12	Carryover from FY2006	0	445	445	445	0
4	Carryover from FY2006	0	512	512	504	8
Agency Total		7,710	1,045	8,755	7,872	883

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Ethics Commission						
01	Duties	504	0	504	498	6
Agency Total		504	0	504	498	6
Office of State Finance						
01	Duties	12,000	0	12,000	10,767	1,233
02	Duties	11,000	0	11,000	6,656	4,344
11	Carryover from FY2006	0	2,338	2,338	1,804	534
Agency Total		23,000	2,338	25,338	19,227	6,111
Governor						
01	Duties	2,641	0	2,641	2,370	271
11	Carryover from FY2006	0	379	379	370	9
Agency Total		2,641	379	3,020	2,740	280
Lieutenant Governor						
01	Duties	592	0	592	475	117
11	Carryover from FY2006	0	57	57	57	0
Agency Total		592	57	649	532	117
Merit Protection Commission						
01	Duties	611	0	611	514	97
11	Carryover from FY2006	0	46	46	41	5
Agency Total		611	46	657	555	102
Office of Personnel Management						
01	Duties	4,848	0	4,848	4,306	542
11	Carryover from FY2006	0	436	436	436	0
Agency Total		4,848	436	5,284	4,742	542
Secretary of State						
01	Duties	525	0	525	525	0
11	Carryover from FY2006	0	17	17	17	0
Agency Total		525	17	542	542	0
Oklahoma Tax Commission						
30	Duties	47,486	0	47,486	46,605	881
31	County Govt Personnel Educ & Trng	226	0	226	207	19
Agency Total		47,712	0	47,712	46,812	900
Oklahoma Commission for Teacher Preparation						
01	Duties	2,051	0	2,051	1,201	850
11	Carryover from FY2006	0	174	174	61	113
Agency Total		2,051	174	2,225	1,262	963
State Treasurer						
01	Duties	4,532	0	4,532	4,122	410
05	To Pay Bank Service Charges	100	0	100	100	0
11	Carryover from FY2006	0	390	390	240	150
Agency Total		4,632	390	5,022	4,462	560
General Government Total		139,953	10,050	150,003	131,471	18,532

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Department of Health						
01	Duties	58,374	0	58,374	53,292	5,082
12	To Child Abuse Prevention (Fund 265)	3,336	0	3,336	3,336	0
23	To Kidney Health Revolving (Fund 202)	114	0	114	114	0
40	Alternatives to Abortion Services Rev Fund	40	0	40	40	0
50	Disaster and Emergency Medicine Rev Fund	3,000	0	3,000	3,000	0
04	Margaret Hudson Program	34	0	34	30	4
37	Oklahoma Institute for Child Advocacy	75	0	75	68	7
42	Greenwood Educational & Cultural Center	119	0	119	92	27
15	Dental Services for the Disabled/Elderly	137	0	137	135	2
29	Hearts for Hearing Foundation	200	0	200	196	4
43	College of Osteo Med Area Hlth Ed Ctrs	365	0	365	261	104
08	Sickle Cell Research Foundation	183	0	183	159	24
09	Emerson Teen Parent Program	107	0	107	90	17
10	Alzheimer's Res Advisory Council	44	0	44	36	8
11	Tolliver Alternative Care Center, Inc.	37	0	37	34	3
47	OUHSC Pediatric Endocrinology Dept	93	0	93	85	8
26	Emergency Medical Services Authority	400	0	400	247	153
45	North Tulsa Heritage Foundation, Inc.	36	0	36	33	3
44	Metropolitan Tulsa Urban League, Inc.	39	0	39	24	15
41	Bd. Of Examiners for Nursing Home Admin.	100	0	100	100	0
48	Alzheimer's Association, OK Chapter	8	0	8	7	1
31	OK Dental Foundation	100	0	100	81	19
30	OEDA for Advantage services	19	0	19	0	19
19	High-risk perinatal direct services	2,254	0	2,254	1,990	264
20	Perinatal continuing education	209	0	209	159	50
24	Community Health Centers	1,041	0	1,041	781	260
38	Primary Care and Rural Health Development	700	0	700	412	288
16	Eastern OK Donated Dental Services	70	0	70	70	0
01	Board of Long-Term Care Administrators	0	100	100	0	100
54	Carryover from FY2006	0	52	52	52	0
55	Carryover from FY2006	0	322	322	40	282
56	Carryover from FY2006	0	23	23	22	1
Agency Total		9,524	497	10,021	8,358	1,663
Mental Health and Substance Abuse						
01	Duties	194,704	0	194,704	165,030	29,674
11	Carryover from FY2006	0	7,974	7,974	7,126	848
12	Carryover from FY2006	0	75	75	64	11
Agency Total		194,704	8,049	202,753	172,220	30,533
Health Services Total		204,228	8,546	212,774	180,578	32,196
LEGAL AND JUDICIARY						
Attorney General						
01	Duties	12,799	0	12,799	12,366	433
11	Carryover from FY2006	0	33	33	33	0
01	Carryover from FY2006	0	163	163	100	63
Agency Total		12,799	196	12,995	12,499	496
Council on Judicial Complaints						
01	Duties	283	0	283	231	52
11	Carryover from FY2006	0	47	47	47	0
Agency Total		283	47	330	278	52

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Court of Criminal Appeals						
01	Duties	3,083	0	3,083	2,997	86
02	Duties	0	125	125	124	1
11	Carryover from FY2006	0	52	52	52	0
Agency Total		3,083	177	3,260	3,173	87
District Attorneys Council						
01	Duties	39,093	0	39,093	38,207	886
11	Carryover from FY2006	0	302	302	302	0
Agency Total		39,093	302	39,395	38,509	886
District Courts						
01	Duties - District Courts	16,220	0	16,220	15,239	981
11	Carryover from FY2006	0	455	455	455	0
12	Carryover from FY2006	0	30	30	30	0
Agency Total		16,220	485	16,705	15,724	981
Indigent Defense System						
01	Duties	16,206	0	16,206	14,237	1,969
11	Carryover from FY2006	0	1,060	1,060	985	75
12	Carryover from FY2006	0	425	425	425	0
Agency Total		16,206	1,485	17,691	15,647	2,044
Supreme Court						
01	Duties	14,814	0	14,814	12,205	2,609
02	To Legal Svcs Revolving (Fd 225)	1,165	0	1,165	1,165	0
05	To Supreme Court Revolving (Fund 205)	900	0	900	0	900
11	Carryover from FY2006	0	2,594	2,594	2,566	28
Agency Total		16,879	2,594	19,473	15,936	3,537
Workers Compensation Court						
01	Duties	4,888	0	4,888	4,888	0
Agency Total		4,888	0	4,888	4,888	0
Legal and Judiciary Total		109,451	5,286	114,737	106,654	8,083
MUSEUMS						
Oklahoma Capitol Complex & Centennial Commission						
01	Duties	1,062	0	1,062	1,057	5
11	Carryover from FY2006	0	4	4	4	0
Agency Total		1,062	4	1,066	1,061	5
Historical Society						
01	Duties	14,480	0	14,480	12,731	1,749
Agency Total		14,480	0	14,480	12,731	1,749
J.M. Davis Memorial Commission						
01	Duties	382	0	382	366	16
Agency Total		382	0	382	366	16
Will Rogers Memorial Commission						
01	Duties	925	0	925	856	69
Agency Total		925	0	925	856	69
Museums Total		16,849	4	16,853	15,014	1,839

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
NATURAL RESOURCES						
Department of Agriculture						
01	Duties	27,806	0	27,806	25,623	2,183
05	Volunteer Firefighter Employer Cont. Pymt Fund	85	0	85	85	0
02	To Ag Enhancement and Divers Fund 225	250	0	250	250	0
03	To Rural Fire Defense...Revolving Fund 205	5	0	5	5	0
04	Volunteer Firefighter Group Ins CompSource	169	0	169	155	14
11	Carryover from FY2006	0	812	812	801	11
Agency Total		28,315	812	29,127	26,919	2,208
Conservation Commission						
01	Duties	8,954	0	8,954	8,209	745
Agency Total		8,954	0	8,954	8,209	745
Department of Environmental Quality						
01	Duties	9,525	0	9,525	9,309	216
11	Carryover from FY2006	0	17	17	17	0
Agency Total		9,525	17	9,542	9,326	216
Scenic Rivers Commission						
01	Duties (to Fund 260)	340	0	340	340	0
Agency Total		340	0	340	340	0
Department of Tourism and Recreation						
01	Duties	26,873	0	26,873	24,072	2,801
02	Multi-County Organziations	200	0	200	108	92
01	Duties	0	1,600	1,600	530	1,070
11	Carryover from FY2006	0	2,625	2,625	2,407	218
Agency Total		27,073	4,225	31,298	27,117	4,181
Water Resources Board						
01	Duties	6,745	0	6,745	6,228	517
11	Carryover from FY2006	0	9	9	9	0
Agency Total		6,745	9	6,754	6,237	517
Natural Resources Total		80,952	5,063	86,015	78,148	7,867
PUBLIC SAFETY AND DEFENSE						
Alcoholic Beverage Laws Enforcement						
01	Duties	3,965	0	3,965	3,801	164
11	Carryover from FY2006	0	80	80	59	21
Agency Total		3,965	80	4,045	3,860	185
State Bureau of Investigation						
01	Duties	13,352	0	13,352	12,881	471
11	Carryover from FY2006	0	55	55	35	20
12	Carryover from FY2006	0	95	95	75	20
Agency Total		13,352	150	13,502	12,991	511

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Department of Corrections						
30	Duties	456,005	0	456,005	419,884	36,121
40	Duties	0	9,665	9,665	9,574	91
50	Duties	0	23,000	23,000	15,705	7,295
35	Carryover from FY2006	0	3,955	3,955	3,095	860
Agency Total		456,005	36,620	492,625	448,258	44,367
Council on Law Enforcement, Education and Training						
01	Duties	2,421	0	2,421	1,978	443
02	Duties	845	0	845	845	0
01	Duties	0	816	816	349	467
11	Carryover from FY2006	0	2	2	2	0
11	Carryover from FY2006	0	6	6	3	3
Agency Total		3,266	824	4,090	3,177	913
Department of Emergency Management						
01	Duties	757	0	757	723	34
11	Carryover from FY2006	0	54	54	54	0
11	Carryover from FY2006	0	508	508	405	103
Agency Total		757	562	1,319	1,182	137
State Fire Marshal						
01	Duties	2,053	0	2,053	2,052	1
Agency Total		2,053	0	2,053	2,052	1
Board of Medicolegal Investigation						
01	Duties	4,587	0	4,587	4,354	233
11	Carryover from FY2006	0	43	43	0	43
Agency Total		4,587	43	4,630	4,354	276
Oklahoma Military Department						
01	Duties	12,898	0	12,898	10,268	2,630
03	Duties	0	1,500	1,500	0	1,500
11	Carryover from FY2006	0	417	417	325	92
12	Carryover from FY2006	0	14	14	14	0
11	Carryover from FY2006	0	257	257	115	142
Agency Total		12,898	2,188	15,086	10,722	4,364
Bureau of Narcotics and Dangerous Drugs						
01	Duties	6,321	0	6,321	6,276	45
11	Carryover from FY2006	0	111	111	37	74
12	Carryover from FY2006	0	21	21	21	0
Agency Total		6,321	132	6,453	6,334	119
Pardon and Parole Board						
01	Duties	2,555	0	2,555	2,448	107
11	Carryover from FY2006	0	4	4	4	0
Agency Total		2,555	4	2,559	2,452	107
Department of Public Safety						
01	Duties	89,096	0	89,096	84,776	4,320
01	Duties	929	0	929	863	66
02	Capitol Patrol Officer - Workers Comp Court	26	0	26	26	0
05	Duties	0	100	100	6	94
Agency Total		90,051	100	90,151	85,671	4,480
Public Safety and Defense Total		595,810	40,703	636,513	581,053	55,460

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
REGULATORY SERVICES						
Commission on Consumer Credit						
01	Duties	661	0	661	639	22
11	Carryover from FY2005	0	11	11	11	0
Agency Total		661	11	672	650	22
Corporation Commission						
01	Duties	13,034	0	13,034	11,765	1,269
02	Duties	850	0	850	811	39
03	To Corp. Comm. Gas Seep Fund	200	0	200	200	0
01	Duties	0	3,100	3,100	2,381	719
11	Carryover from FY2006	0	311	311	310	1
Agency Total		14,084	3,411	17,495	15,467	2,028
Oklahoma Horse Racing Commission						
01	Duties	2,619	0	2,619	2,480	139
11	Carryover from FY2006	0	72	72	12	60
Agency Total		2,619	72	2,691	2,492	199
Insurance Department						
01	Duties	2,445	0	2,445	2,348	97
11	Carryover from FY2006	0	168	168	0	168
Agency Total		2,445	168	2,613	2,348	265
Department of Labor						
01	Duties	1,840	0	1,840	1,753	87
01	Duties	1,534	0	1,534	1,521	13
02	Duties	240	0	240	230	10
11	Carryover from FY2006	0	159	159	159	0
11	Carryover from FY2006	0	30	30	30	0
Agency Total		3,614	189	3,803	3,693	110
Department of Mines						
01	Duties	998	0	998	925	73
Agency Total		998	0	998	925	73
Regulatory Services Total		24,421	3,851	28,272	25,575	2,697
SOCIAL SERVICES						
Commission on Children and Youth						
10	Duties	2,102	0	2,102	1,724	378
40	Carryover from FY2006	0	301	301	301	0
Agency Total		2,102	301	2,403	2,025	378
Office of Handicapped Concerns						
01	Duties	382	0	382	371	11
11	Carryover from FY2006	0	15	15	15	0
Agency Total		382	15	397	386	11
Health Care Authority						
01	Duties (to Disbursing Funds 200 and 340)	701,964	0	701,964	701,964	0
Agency Total		701,964	0	701,964	701,964	0

		GENERAL FUND				
		BUDGET				
		ORIGINAL	*Amendments*	FINAL	ACTUAL	VARIANCE
Oklahoma Human Rights Commission						
10	Duties	704	0	704	691	13
20	Carryover from FY2006	0	8	8	8	0
Agency Total		704	8	712	699	13
Department of Human Services						
01	Duties (to Disbursing Funds)	486,635	0	486,635	486,635	0
05	Duties (to Disbursing Funds)	35,858	0	35,858	35,858	0
Agency Total		522,493	0	522,493	522,493	0
Oklahoma Indian Affairs Commission						
10	Duties	258	0	258	167	91
20	Carryover from FY2006	0	58	58	43	15
Agency Total		258	58	316	210	106
J.D. McCarty Center						
10	Duties	4,279	0	4,279	4,279	0
Agency Total		4,279	0	4,279	4,279	0
Office of Juvenile Affairs						
01	Duties	99,673	0	99,673	92,947	6,726
02	Graduated Sanctions Programs	575	0	575	358	217
03	Juvenile Detention Centers Rate Formula	700	0	700	627	73
04	Youthful Offender facility study	15	0	15	12	3
05	Community At Risk Services (CARS)	800	0	800	583	217
06	Multi-Systemic Treatment Programs	623	0	623	124	499
07	Increase in energy costs	459	0	459	370	89
08	Security positions at OJA facilities	1,375	0	1,375	1,281	94
07	Duites	0	4,300	4,300	730	3,570
11	Carryover from FY2006	0	623	623	623	0
12	Carryover from FY2006	0	65	65	65	0
15	Carryover from FY2006	0	485	485	425	60
17	Carryover from FY2006	0	162	162	117	45
Agency Total		104,220	5,635	109,855	98,262	11,593
Department of Rehabilitation Services						
01	Duties (to disbursing funds)	28,963	0	28,963	28,963	0
Agency Total		28,963	0	28,963	28,963	0
Department of Veteran Affairs						
01	Duties	39,324	0	39,324	37,217	2,107
Agency Total		39,324	0	39,324	37,217	2,107
Social Services Total		1,404,689	6,017	1,410,706	1,396,498	14,208
TRANSPORTATION						
Oklahoma Space Industry Develpment Auth.						
01	Duties to Space Industries Dev. (Fund 200)	529	0	529	529	0
11	Carryover from FY2006	0	182	182	0	182
Agency Total		529	182	711	529	182
Department of Transportation						
01	Duties (To Highway Const and Maint Fund)	67,477	0	67,477	67,477	0
Agency Total		67,477	0	67,477	67,477	0
Transportation Total		68,006	182	68,188	68,006	182
General Fund Total		$ 4,625,260	$ 109,953	$ 4,735,213	$ 4,535,270	$ 199,943

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The Statehood Day Centenarian Breakfast

On the morning of November 16th, 2007, the Oklahoma History Center hosted a breakfast for 22 Oklahoma Centenarians. These extraordinary individuals, some of whom witnessed Oklahoma becoming a state, shared stories and advice with Today Show host Willard Scott. Many of the Centenarians who attended are featured in Mary Jane Alexander's *Salt of the Red Earth*, a pictorial book about Oklahoma's Centenarians.

Combining Financial Statements

Combining Financial Statements

FIDUCIARY FUNDS AND SIMILAR COMPONENT UNITS

Fiduciary Funds account for assets held in a trustee capacity or as an agent for individuals, private organizations, other governmental organizations, and/or other funds.

PENSION AND OTHER EMPLOYEE BENEFIT FUNDS

The Pension and Other Employee Benefit Funds account for the transactions, assets, liabilities, and net assets held in a trustee capacity for the benefit of the Plan members.

WILDLIFE CONSERVATION RETIREMENT PLAN

This Plan is part of the primary government. The Plan accounts for transactions, assets, liabilities, and net assets available for payment of plan benefits to employees of the Department of Wildlife Conservation.

The State of Oklahoma has six Public Employee Retirement Systems (PERS) that meet the definition of a component unit, but are presented with the fiduciary funds of the State:

OKLAHOMA FIREFIGHTERS PENSION AND RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 265, Oklahoma City, Oklahoma 73105

The System provides retirement benefits for municipal firefighters in the State of Oklahoma.

OKLAHOMA LAW ENFORCEMENT RETIREMENT SYSTEM

4545 N. Lincoln Blvd., Suite 257, Oklahoma City, Oklahoma 73105

The System provides retirement benefits for qualified law enforcement officers in the State of Oklahoma.

OKLAHOMA PUBLIC EMPLOYEES RETIREMENT SYSTEM

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152

The System administers the Oklahoma Public Employee Retirement Plan, which provides retirement benefits for state, county and local employees in the State of Oklahoma.

UNIFORM RETIREMENT SYSTEM FOR JUSTICES AND JUDGES

6601 N. Broadway Ext., Suite 129, Oklahoma City, Oklahoma 73152

The System provides retirement benefits for justices and judges in the State of Oklahoma.

OKLAHOMA POLICE PENSION AND RETIREMENT SYSTEM

1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116

The System provides retirement benefits for police officers employed by participating municipalities in the State of Oklahoma.

TEACHER'S RETIREMENT SYSTEM OF OKLAHOMA

P.O. Box 53524, Oklahoma City, Oklahoma 73105

The System provides retirement allowances and benefits for qualified persons employed by state-supported educational institutions in the State of Oklahoma.

STATE AND EDUCATION EMPLOYEES GROUP INSURANCE BOARD

3545 N.W. 58th Street, Suite 1000, Oklahoma City, Oklahoma 73112

The Board provides varying coverage of group health, dental, life, and disability benefits to active employees and retirees of the State, local governments, and education entities as well as certain other eligible participants. The Board is financed through employer and employee premiums.

AGENCY FUNDS

Agency Funds account for the receipt and disbursement of various moneys and property collected by the State, acting in the capacity of an agent, for distribution non-state parties.

Taxes Held for Outside Entities is maintained by the Oklahoma Tax Commission to account for taxes: (1) being held for distribution to county and city governments, (2) to cover anticipated tax refunds, (3) paid conditionally on an increase in gross value of oil and/or gas sold by a producer waiting on approval or settlement of an appeal, and (4) that have been intercepted by the Tax Commission to be disbursed to claimants.

Funds Held in Escrow are moneys held in an account until certain conditions or requirements are met. These include: (1) Cash Performance Bonds maintained by the Department of Mines until mining is complete and reclamation meets specifications, (2) Unlocated Mineral Owner's Fund maintained by the Corporation Commission (3) Workers' Compensation Claims Under Appeal maintained by the Workers' Compensation Court, (4) Unsettled Premium Tax Suits, an escrow account maintained by the Oklahoma Insurance Department for depositing of protested taxes and/or fees imposed under Oklahoma law, (5) Other moneys accounted for by the State Department of Health for bond requirements for disposal sites, by the Department of Public Safety for the retention and refund of financial responsibility security amounts and sign deposits for motor vehicle inspection stations, (6) Funds in escrow at the Attorney General's Office received as a result of litigation.

Assets Held for Beneficiaries are moneys maintained for: (1) clients in institutions under the jurisdiction of the Office of Juvenile Affairs (OJA), Department of Human Services (DHS), the Department of Corrections (DOC), the Department of Veterans Affairs, and the Department of Mental Health, (2) DHS custodial parents from the collection from absent parents, and (3) DHS clients placed in agency custody.

Other is moneys accounted for (1) by the Employees' Benefit Council for payment of employee claims against SoonerFlex flexible spending accounts, (2) property distribution maintained by the Department of Central Services to account for federal surplus property transferred to the State's custody to be sold or donated to other governmental entities and/or specified nonprofit organizations and property seized by state organizations pending the outcome of legal proceedings, (3) deposits held by the Department of Central Services for bid process documents, (4) donations held by the District Attorney's Council for the Murrah Crime Victims Compensation Fund, and (5) funds held by the Department of Transportation which had accrued to its former health insurance rate stabilization account and being returned to the accounts contributors.

State of Oklahoma
Combining Statement of Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds (Including Similar Component Units)
June 30, 2007
(expressed in thousands)

	Primary Government	Fiduciary Component Units							
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Oklahoma State and Education Employees Group Insurance Board	Total
Assets									
Cash/Cash Equivalents	$ 0	$ 53,262	$ 27,926	$ 42,773	$ 1,208	$ 84,542	$ 485,157	$ 61,623	$ 756,491
Investments, at fair value									
Equity Securities	37,183	1,037,292	465,805	1,394,532	0	1,008,567	6,692,973	75,554	10,711,906
Governmental Securities	20,825	254,375	53,673	1,734,642	75,911	44,361	1,801,599	4,857	3,990,243
Debt Securities	10,271	130,375	137,087	916,631	43,137	221,776	877,595	103,279	2,440,151
Mutual Funds	62	0	0	2,808,970	133,851	0	0	0	2,942,883
Other Investments	591	358,436	63,131	0	0	401,656	0	0	823,814
Securities Lending Investments	0	147,299	127,314	863,988	28,324	112,923	1,760,730	0	3,040,578
Interest and Investment Revenue Receivable	0	1,059	1,489	19,834	841	3,597	28,251	388	55,459
Contributions Receivable:									
Employer	0	314		8,306	98	1,320	24,919	0	34,957
Employee	0	190		2,926	192	787	20,547	0	24,642
Other Contributions Receivable	0	0	1,875	0	0	0	25,074	14,898	41,847
Accounts Receivable	0	0	0	0	0	0	0	4,983	4,983
Other Receivables	0	251	9	0	16	0	0	987	1,263
Due from Brokers	0	9,175	1,488	619,122	17,551	25,333	314,073	1,042	987,784
Due from Other Funds	0	12,826	2,301	0	0	6,413	0	10,737	32,277
Capital Assets, Net	0	43	38	671	0	0	262	1,340	2,354
Other Assets	0	0	0	120	0	0	0	0	120
Total Assets	68,932	2,004,897	882,136	8,412,515	301,129	1,911,275	12,031,180	279,688	25,891,752
Liabilities									
Accounts Payable	0	1,680	1,157	0	0	795	0	0	3,632
Secuties Lending Payable	0	147,299	127,314	863,988	28,324	112,923	1,760,730	0	3,040,578
Due to Brokers	0	7,694	0	908,043	32,554	0	593,319	3,148	1,544,758
Due to Other Funds	0	2	0	7	0	3	1	19	32
Due to Component Units	0	0	0	0	0	0	8,633	3	8,636
Benefits in the Process of Payment	0	0	9,532	0	0	21,166	8,134	96,202	135,034
Other Liabilities	0	73	0	0	0	0	9,321	7,190	16,584
Total Liabilities	0	156,748	138,003	1,772,038	60,878	134,887	2,380,138	106,562	4,749,254
Fund Balance Reserved for Employees' Pension Benefits	$ 68,932	$ 1,848,149	$ 744,133	$ 6,640,477	$ 240,251	$ 1,776,388	$ 9,651,042	$ 173,126	$ 21,142,498

State of Oklahoma
Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds (Including Similar Component Units)
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Primary Government	Fiduciary Component Units							
	Wildlife Conservation Retirement Plan	Oklahoma Firefighters Pension and Retirement System	Oklahoma Law Enforcement Retirement System	Oklahoma Public Employees Retirement System	Uniform Retirement System for Justices and Judges	Oklahoma Police Pension and Retirement System	Teachers' Retirement System of Oklahoma	Oklahoma State and Education Employees Group Insurance Board	Total
Additions									
Contributions									
Employer Contributions	$ 0	$ 28,171	$ 6,553	$ 197,757	$ 1,224	$ 28,258	$ 271,012	$ 0	$ 532,975
Employee Contributions	406	16,325	4,763	64,180	2,599	16,718	294,292	694,860	1,094,143
Other Contributions	3,009	91,406	18,162	0	0	28,122	264,904	38,653	444,256
Total Contributions	3,415	135,902	29,478	261,937	3,823	73,098	830,208	733,513	2,071,374
Investment Income									
Net Appreciation in Fair Value of Investments	8,579	235,102	96,999	800,498	27,053	256,261	1,269,034	7,779	2,701,305
Interest and Investment Revenue	0	30,633	15,464	186,830	6,203	26,661	310,229	7,802	583,822
	8,579	265,735	112,463	987,328	33,256	282,922	1,579,263	15,581	3,285,127
Less Investment Expenses		12,425	9,398	48,540	1,374	15,762	104,634	508	192,641
Net Investment Income	8,579	253,310	103,065	938,788	31,882	267,160	1,474,629	15,073	3,092,486
Total Additions	11,994	389,212	132,543	1,200,725	35,705	340,258	2,304,837	748,586	5,163,860
Deductions									
Administrative and General Expenses	190	1,141	914	4,553	111	2,450	4,549	39,804	53,712
Benefit Payments and Refunds	2,776	125,766	41,882	372,861	9,060	86,463	824,592	719,829	2,183,229
Total Deductions	2,966	126,907	42,796	377,414	9,171	88,913	829,141	759,633	2,236,941
Net Increase	9,028	262,305	89,747	823,311	26,534	251,345	1,475,696	(11,047)	2,926,919
Fund Balance Reserved for Employees' Pension Benefits									
Beginning of Year (as restated)	59,904	1,585,844	654,386	5,817,166	213,717	1,525,043	8,175,346	184,173	18,215,579
End of Year	$ 68,932	$ 1,848,149	$ 744,133	$ 6,640,477	$ 240,251	$ 1,776,388	$ 9,651,042	$ 173,126	$ 21,142,498

State of Oklahoma
Combining Statement of Assets and Liabilities
Agency Funds
June 30, 2007
(expressed in thousands)

	Taxes Held For Outside Entities	Funds Held In Escrow	Assets Held For Beneficiaries	Other	Total
Assets					
Cash/Cash Equivalents	$ 158,446	$ 11,801	$ 18,174	$ 4,851	$ 193,272
Investments	0	0	152	0	152
Accounts Receivable	0	16	42	30	88
Interest Receivable	0	0	0	0	0
Taxes Receivable	4	0	0	0	4
Due from Other Funds	0	0	0	0	0
Due from Component Units	0	0	0	12	12
Inventory	0	0	0	7,192	7,192
Total Assets	$ 158,450	$ 11,817	$ 18,368	$ 12,085	$ 200,720
Liabilities					
Accounts Payable and Accrued Liabilities	$ 0	$ 103	$ 1,379	$ 0	$ 1,482
Tax Refunds Payable	2,952	0	0	0	2,952
Due to Other Funds	0	236	0	4,212	4,448
Due to Component Units	0	0	0	0	0
Due to Others	155,498	11,478	16,989	7,873	191,838
Total Liabilities	$ 158,450	$ 11,817	$ 18,368	$ 12,085	$ 200,720

State of Oklahoma
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Taxes Held for Outside Entities				
Assets				
Cash/Cash Equivalents	$ 153,736	$ 2,844,081	$ 2,839,371	$ 158,446
Taxes Receivable	8	4	8	4
Total Assets	$ 153,744	$ 2,844,085	$ 2,839,379	$ 158,450
Liabilities				
Tax Refunds Payable	$ 2,999	$ 2,952	$ 2,999	$ 2,952
Due to Others	150,745	636,716	631,963	155,498
Total Liabilities	$ 153,744	$ 639,668	$ 634,962	$ 158,450
Funds Held in Escrow				
Assets				
Cash/Cash Equivalents	$ 13,167	$ 5,995	$ 7,361	$ 11,801
Accounts Receivable	$ 0	$ 16	$ 0	16
Total Assets	$ 13,167	$ 6,011	$ 7,361	$ 11,817
Liabilities				
Accounts Payable and Accrued Liabilities	$ 14	$ 103	$ 14	$ 103
Due to Other Funds	137	236	137	236
Due to Others	13,016	5,672	7,210	11,478
Total Liabilities	$ 13,167	$ 6,011	$ 7,361	$ 11,817
Assets Held for Beneficiaries				
Assets				
Cash/Cash Equivalents	$ 56,574	$ 327,837	$ 366,237	$ 18,174
Investments	1,885	67	1800	152
Accounts Receivable	26	42	26	42
Total Assets	$ 58,485	$ 327,946	$ 368,063	$ 18,368
Liabilities				
Accounts Payable and Accrued Liabilities	$ 1,134	$ 1,379	$ 1,134	$ 1,379
Due to Others	57,351	326,567	366,929	16,989
Total Liabilities	$ 58,485	$ 327,946	$ 368,063	$ 18,368
Other				
Assets				
Cash/Cash Equivalents	$ 9,378	$ 303,149	$ 307,676	$ 4,851
Accounts Receivable	79	30	79	30
Due from Other Funds	141	0	141	0
Due from Component Units	427	12	427	12
Inventory	4,739	7,192	4,739	7,192
Total Assets	$ 14,764	$ 310,383	$ 313,062	$ 12,085
Liabilities				
Due to Component Units	$ 3,122	$ 0	$ 3,122	$ 0
Due to Other Funds	$ 0	4,212	0	4,212
Due to Others	11,642	306,171	309,940	7,873
Total Liabilities	$ 14,764	$ 310,383	$ 313,062	$ 12,085
Total - All Agency Funds				
Assets				
Cash/Cash Equivalents	$ 232,855	$ 3,481,062	$ 3,520,645	$ 193,272
Investments	1,885	67	1,800	152
Accounts Receivable	105	88	105	88
Taxes Receivable	8	4	8	4
Due from Other Funds	141	0	141	0
Due from Component Units	427	12	427	12
Inventory	4,739	7,192	4,739	7,192
Total Assets	$ 240,160	$ 3,488,425	$ 3,527,865	$ 200,720
Liabilities				
Accounts Payable and Accrued Liabilities	$ 1,148	$ 1,482	$ 1,148	$ 1,482
Tax Refunds Payable	2,999	2,952	2,999	2,952
Due to Other Funds	137	4,448	137	4,448
Due to Component Units	3,122	0	3,122	0
Due to Others	232,754	1,275,126	1,316,042	191,838
Total Liabilities	$ 240,160	$ 1,284,008	$ 1,323,448	$ 200,720

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NONMAJOR COMPONENT UNITS

The State of Oklahoma has nine nonmajor component units which are described below:

OKLAHOMA EDUCATIONAL TELEVISION AUTHORITY
P.O. Box 14190, Oklahoma City, Oklahoma 73113
The Authority provides educational television services to all Oklahoma citizens on a coordinated statewide basis.

OKLAHOMA INDUSTRIAL FINANCE AUTHORITY
301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116
The Authority assists with the State's industrial development by making loans to authorized industrial development agencies or trusts and new or expanding industries within Oklahoma. The loans are financed by issuance of general obligation bonds.

HEALTH INSURANCE HIGH RISK POOL
3814 N. Santa Fe, Oklahoma City, Oklahoma 73118
The Pool provides health insurance to individuals who are unable to obtain coverage from independent insurers. The Pool is financed by assessments levied on independent insurers.

MULTIPLE INJURY TRUST FUND
P.O. Box 528801, Oklahoma City, Oklahoma 73152
The Fund provides additional compensation to a worker with a pre-existing injury who suffers a second injury.

UNIVERSITY HOSPITALS AUTHORITY
940 N.E. 13th Street, Oklahoma City, Oklahoma 73104
The Authority consists of The University Hospital and Children's Hospital of Oklahoma. The University Hospital is affiliated with the University of Oklahoma Health Sciences Center. The University Hospital is financed primarily through patient service charges.

OKLAHOMA DEVELOPMENT FINANCE AUTHORITY
301 N.W. 63rd Street, Suite 225, Oklahoma City, Oklahoma 73116
The Authority provides financing for both public and private entities in the state. The Authority obtains funds through the issuance of bonds and notes.

OKLAHOMA CAPITAL INVESTMENT BOARD
301 N.W. 63rd. Street, Suite 520, Oklahoma City, Oklahoma 73116
The Authority assists the State with industrial development by mobilizing equity and near-equity capital for investment to potential creation of jobs and growth that will diversify and stabilize the economy.

OKLAHOMA STATE UNIVERSITY MEDICAL AUTHORITY
1111 W. 17th Street, Tulsa, Oklahoma 74107
The Authority is charged with overseeing the 50-year Academic Affiliation Agreement signed between Tulsa Regional Medical Center and OSU Center for Health Sciences. The agreement provides for funding, teaching and training facilities to the graduate medical program associated with the Oklahoma State University Center for Health Sciences.

OKLAHOMA CENTENNIAL COMMEMORATION FUND
133 W. Main Street, Suite 122, Oklahoma City, Oklahoma 73102
The Fund is affiliated with the Capitol Complex and Centennial Commemorative Commission, and exists to support the Commission with the planning and financing of the 2007 State Centennial Commemoration.

State of Oklahoma
Combining Statement of Net Assets
NonMajor Component Units
June 30, 2007
(expressed in thousands)

	Oklahoma Educational Television Authority	Oklahoma Industrial Finance Authority	Health Insurance High Risk Pool	Multiple Injury Trust Fund	University Hospitals Authority	Oklahoma Development Finance Authority	Oklahoma Capital Investment Board	Oklahoma State Univ. Medical Authority	Oklahoma Centennial Commemoration Fund	Nonmajor Component Units Total
Assets										
Current Assets										
Cash/Cash Equivalents										
Unrestricted	$ 9,912	$ 1,862	$ 7,150	$ 36,870	$ 48,191	$ 2,166	$ 60	$ 0	$ 3,316	$ 109,527
Investments	30,246	0	0	0	38	9,414	0	0	1,937	41,635
Accounts Receivable	914	0	0	0	552	0	0	0	2,915	4,381
Interest and Investment										
Revenue Receivable	202	484	0	153	260	161	0	0	0	1,260
Other Receivables	991	0	0	0	0	0	0	0	0	991
Notes Receivable	0	913	0	0	0	229	0	0	0	1,142
Due from Other Component Units	0	0	0	0	207	106	0	20,000	0	20,313
Due from Primary Government	0	0	0	6,319	215	20	0	0	0	6,554
Prepaid Items	140	0	0	0	4	0	0	0	0	144
Other Current Assets	0	0	0	0	0	200	0	0	179	379
Total Current Assets	42,405	3,259	7,150	43,342	49,467	12,296	60	20,000	8,347	186,326
Noncurrent Assets										
Cash/Cash Equivalents -										
Restricted	0	2	0	0	34,658	0	0	0	0	34,660
Investments - Restricted	0	0	0	0	852	0	21,570	0	0	22,422
Long-Term Investments	0	42,247	0	0	0	0	0	0	0	42,247
Long-Term Notes Receivable, Net	0	16,596	0	0	0	2,173	0	0	0	18,769
Capital Assets										
Depreciable, Net	15,465	141	0	0	99,735	501	0	0	0	115,842
Land	26	0	0	0	4,009	100	0	0	0	4,135
Construction in Progress	2	0	0	0	28,216	0	0	0	0	28,218
Other Noncurrent Assets										
Unrestricted	0	91	0	0	20,154	150	0	0	6,500	26,895
Restricted	0	0	0	0	9,478	0	0	0	0	9,478
Total Noncurrent Assets	15,493	59,077	0	0	197,102	2,924	21,570	0	6,500	302,666
Total Assets	57,898	62,336	7,150	43,342	246,569	15,220	21,630	20,000	14,847	488,992
Liabilities										
Liabilities										
Current Liabilities										
Accounts Payable and										
Accrued Liabilities	672	3	12	99	11,307	11	0	0	1,176	13,280
Claims and Judgments	0	0	0	13,003	0	0	0	0	0	13,003
Interest Payable	0	645	0	34,644	0	0	381	0	0	35,670
Due to Other Component Units	0	0	0	68	94	0	0	0	0	162
Deferred Revenue	0	0	0	0	141	55	0	0	0	196
Capital Leases-Primary Govt.	0	0	0	0	258	0	0	0	0	258
Compensated Absences	167	75	0	0	91	0	0	0	0	333
Notes Payable	0	0	0	994	0	0	0	0	0	994
General Obligation Bonds	0	1,675	0	0	0	0	0	0	0	1,675
Revenue Bonds	0	0	0	0	820	0	0	0	955	1,775
Other Current Liabilities	95	0	0	0	0	0	0	0	0	95
Total Current Liabilities	934	2,398	12	48,808	12,711	66	381	0	2,131	67,441
Noncurrent Liabilities										
Claims and Judgments	0	0	0	110,325	0	0	0	0	0	110,325
Capital Leases-Primary Govt.	0	0	0	0	320	0	0	0	0	320
Compensated Absences	150	0	0	0	0	0	0	0	0	150
Notes Payable	0	0	0	45,928	0	0	0	0	0	45,928
General Obligation Bonds	0	57,604	0	0	0	0	0	0	0	57,604
Revenue Bonds	0	0	0	0	53,696	9,999	0	0	3,765	67,460
Other Noncurrent Liabilities	396	0	0	0	225	314	32,957	80	0	33,972
Total Noncurrent Liabilities	546	57,604	0	156,253	54,241	10,313	32,957	80	3,765	315,759
Total Liabilities	1,480	60,002	12	205,061	66,952	10,379	33,338	80	5,896	383,200
Net Assets										
Invested in Capital Assets,										
Net of Related Debt	15,493	0	0	0	111,853	601	0	0	0	127,947
Restricted for:										
Debt Service	0	2	0	0	0	0	0	0	0	2
Other Special Purpose										
Expendable	40,383	0	0	0	10,580	0	0	19,920	8,951	79,834
Unrestricted	542	2,332	7,138	(161,719)	57,184	4,240	(11,708)	0	0	(101,991)
Total Net Assets	$ 56,418	$ 2,334	$ 7,138	$ (161,719)	$ 179,617	$ 4,841	$ (11,708)	$ 19,920	$ 8,951	$ 105,792

State of Oklahoma
Combining Statement of Activities
NonMajor Component Units
For the Fiscal Year Ended June 30, 2007
(expressed in thousands)

		Program Revenues				General Revenue			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue	Payments from Primary Government	Change in Net Assets	Net Assets Beginning of Year	Net Assets End of Year
Nonmajor Component Units:									
Oklahoma Educational Television Authority	$ 14,016	$ 10,159	$ 2,747	0	$ (1,110)	$ 5,164	$ 4,054	$ 52,364	$ 56,418
Oklahoma Industrial Finance Authority	3,660	3,692	0	0	32	0	32	2,302	2,334
Health Insurance High Risk Pool	27,714	27,753	0	0	39	0	39	7,099	7,138
Multiple Injury Trust Fund	9,749	1,400	0	0	(8,349)	29,277	20,928	(182,647)	(161,719)
University Hospitals Authority	104,513	73,298	0	0	(31,215)	41,665	10,450	169,167	179,617
Oklahoma Development Finance Authority	1,224	1,411	0	0	187	0	187	4,654	4,841
Oklahoma Capital Investment Board	2,753	10,462	0	0	7,709	0	7,709	(19,417)	(11,708)
Oklahoma State Univ. Medical Authority	80	0	0	20,000	19,920	0	19,920	0	19,920
Oklahoma Centennial Commemoration Fund	12,072	13,091	0	0	1,019	0	1,019	7,932	8,951
Total Nonmajor Component Units	$ 175,781	$ 141,266	$ 2,747	$ 20,000	$ (11,768)	$ 76,106	$ 64,338	$ 41,454	$ 105,792

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The Spectacular

Oklahoma's Centennial Celebration came to an awe inspiring climax as Oklahoma's most beloved sons and daughters converged on Oklahoma City for The Spectacular. Some of the Oklahoma celebrities who performed included Vince Gill, Reba McIntyre, Toby Keith, The Flaming Lips, Kelly O'Hare (pictured above), and Carrie Underwood. Over 300,000 Oklahomans around the state watched the Oklahoma Educational Television Authority's simulcast of the event as Oklahoma ushered in its next 100 years of statehood.

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State of Oklahoma
Schedule of Net Assets By Component
Last Seven Fiscal Years
(expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
Governmental Activities							
Invested in capital assets, net of related debt	$ 6,005,182	$ 5,543,009	$ 5,658,694	$ 5,991,173	$ 6,086,534	$ 6,246,160	$ 6,633,078
Restricted	1,282,421	1,673,732	1,645,107	1,497,652	1,682,789	1,887,136	2,172,697
Unrestricted	2,191,416	1,279,298	1,380,071	1,955,354	2,371,787	3,156,226	3,348,465
Total governmental activities net assets	9,479,019	8,496,039	8,683,872	9,444,179	10,141,110	11,289,522	12,154,240
Business-type activities							
Invested in capital assets, net of related debt	116	114	121	220	161	608	167
Restricted	586,717	574,812	482,163	485,159	886,391	1,062,156	1,207,733
Unrestricted	193,175	208,628	220,885	224,997	-	202	7,822
Total business-type activities net assets	780,008	783,554	703,169	710,376	886,552	1,062,966	1,215,722
Primary government							
Invested in capital assets, net of related debt	6,005,298	5,543,123	5,658,815	5,991,393	6,086,695	6,246,768	6,633,245
Restricted	1,869,138	2,248,544	2,127,270	1,982,811	2,569,180	2,949,292	3,380,430
Unrestricted	2,384,591	1,487,926	1,600,956	2,180,351	2,371,787	3,156,428	3,356,287
Total primary government net assets	$ 10,259,027	$ 9,279,593	$ 9,387,041	$ 10,154,555	$ 11,027,662	$ 12,352,488	$ 13,369,962

State of Oklahoma
Changes in Net Assets
Last Seven Fiscal Years
(expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
Expenses							
Governmental Activities:							
Education-General	$ 2,514,961	$ 2,553,744	$ 2,522,466	$ 2,614,823	$ 2,751,320	$ 2,942,969	$ 3,285,059
Education-Payment to Higher Education	835,371	831,855	800,490	802,985	786,862	823,489	936,404
General Government	521,153	405,243	1,003,118	1,254,177	1,518,198	1,529,506	1,712,841
Health Services	367,569	408,545	399,572	393,661	3,096,903	3,471,042	3,954,939
Legal and Judiciary	163,037	169,429	167,971	160,952	175,673	197,324	213,955
Museums	11,755	12,738	11,008	11,042	11,634	33,840	17,834
Natural Resources	192,980	195,205	190,289	181,033	201,039	242,466	271,734
Public Safety and Defense	702,059	776,385	603,306	645,820	674,507	728,331	829,663
Regulatory Services	170,691	169,529	175,512	71,733	83,421	116,516	110,218
Social Services	3,303,724	3,720,896	3,858,546	4,154,504	1,664,577	1,727,808	1,797,721
Transportation	599,698	579,246	545,193	559,628	580,027	654,147	482,831
Interest on Long-Term Debt	42,275	53,453	46,174	45,615	47,769	68,383	69,769
Total Governmental Activities	9,425,273	9,876,268	10,323,645	10,895,973	11,591,930	12,535,821	13,682,968
Business-Type Activities:							
Employment Security Commission	147,051	267,462	365,701	335,197	194,373	164,954	177,914
Water Resources Board	16,230	15,108	13,792	15,965	24,636	29,829	28,015
Lottery Commission	-	-	-	-	92	164,862	145,028
Total Business-Type Activities	163,281	282,570	379,493	351,162	219,101	359,645	350,957
Total Primary Government Expenses	$ 9,588,554	$ 10,158,838	$ 10,703,138	$ 11,247,135	$ 11,811,031	$ 12,895,466	$ 14,033,925
Program Revenues							
Governmental Activities:							
Education-General	$ 353,960	$ 420,339	$ 624,148	$ 717,474	$ 770,144	$ 811,869	$ 921,532
General Government	291,400	232,740	244,013	271,519	296,902	277,997	335,268
Health Services	168,920	185,686	190,389	172,331	2,345,676	2,474,923	2,730,309
Legal and Judiciary	51,511	48,887	50,686	56,373	109,485	104,078	107,124
Museums	1,062	3,271	2,600	3,553	5,148	6,009	5,720
Natural Resources	113,317	124,266	125,990	140,961	152,070	172,443	181,658
Public Safety and Defense	213,652	252,764	134,391	140,227	145,618	175,534	204,510
Regulatory Services	69,436	73,647	63,628	70,678	80,840	87,634	95,445
Social Services	2,336,066	2,686,906	2,936,146	3,234,913	1,123,128	1,179,186	1,170,961
Transportation	428,537	388,243	430,791	553,971	516,458	576,125	545,914
Interest on Long-Term Debt	-	-	-	-	-	-	-
Total Governmental Activities	4,027,861	4,416,749	4,802,782	5,362,000	5,545,469	5,865,798	6,298,441
Business-Type Activities:							
Employment Security Commission	106,964	246,353	258,993	328,872	341,980	320,417	284,602
Water Resources Board	44,005	40,438	40,651	29,876	53,659	50,554	67,438
Lottery Commission	-	-	-	-	1	205,426	221,645
Total Business-Type Activities	150,969	286,791	299,644	358,748	395,640	576,397	573,685
Total Primary Government Revenue	$ 4,178,830	$ 4,703,540	$ 5,102,426	$ 5,720,748	$ 5,941,109	$ 6,442,195	$ 6,872,126
Net (Expense)Revenue:							
Governmental activities	$ (5,397,412)	$ (5,459,519)	$ (5,520,863)	$ (5,533,973)	$ (6,046,461)	$ (6,670,023)	$ (7,384,527)
Business-Type Activities	(12,312)	4,221	(79,849)	7,586	176,539	216,752	222,728
Total Primary Government	$ (5,409,724)	$ (5,455,298)	$ (5,600,712)	$ (5,526,387)	$ (5,869,922)	$ (6,453,271)	$ (7,161,799)
General Revenues							
Governmental Activities:							
Taxes	$ 5,426,859	$ 5,081,788	$ 5,540,110	$ 6,268,763	$ 6,652,722	$ 7,712,816	$ 7,974,727
Investment Earnings	137,744	72,769	38,307	21,600	46,981	114,884	192,733
Contributions to Permanent Funds		37,906	41,814	39,039	43,504	43,684	48,839
Gain (Loss) on Sale of Assets	9,518	(1,491)	(790)		-	5,386	1,989
Special Item - Taxpayer Refund	-	-	-	-	-	(91,869)	-
Transfers	(1,043)	675	577	379	363	40,325	69,972
Total Governmental Activities	5,573,078	5,191,647	5,620,018	6,329,781	6,743,570	7,825,226	8,288,260
Business-Type Activities:							
Transfers	1,043	(675)	(577)	(379)	(363)	(40,325)	(69,972)
Total Business-Type Activities	1,043	(675)	(577)	(379)	(363)	(40,325)	(69,972)
Total General Revenues and Transfers	$ 5,574,121	$ 5,190,972	$ 5,619,441	$ 6,329,402	$ 6,743,207	$ 7,784,901	$ 8,218,288
Change in Net Assets	164,397	(264,326)	18,729	803,015	873,285	1,331,630	1,056,489
Net Assets - Beginning of Year (as restated)	10,094,630	9,543,919	9,368,312	9,351,540	10,154,377	11,020,858	12,313,473
Net Assets - End of Year	$ 10,259,027	$ 9,279,593	$ 9,387,041	$ 10,154,555	$ 11,027,662	$ 12,352,488	$ 13,369,962

State of Oklahoma
Fund Balances, Governmental Funds
Last Seven Fiscal Years
(Modified accrual basis of accounting)
(expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
General Fund							
Reserved	$ 429,305	$ 439,037	$ 587,039	$ 354,525	$ 359,492	$ 586,051	$ 731,850
Unreserved	1,879,727	1,384,506	1,239,784	1,719,849	2,164,492	3,373,911	3,449,196
Total General Fund	2,309,032	1,823,543	1,826,823	2,074,374	2,523,984	3,959,962	4,181,046
All Other Governmental Funds							
Reserved	1,184,603	1,145,531	1,266,125	1,423,558	1,589,641	1,748,747	2,024,316
Unreserved	-	4,392	3,520	-	-	-	-
Total All Other Governmental Funds	1,184,603	1,149,923	1,269,645	1,423,558	1,589,641	1,748,747	2,024,316
Total All Governmental Fund Balances	$ 3,493,635	$ 2,973,466	$ 3,096,468	$ 3,497,932	$ 4,113,625	$ 5,708,709	$ 6,205,362

State of Oklahoma
Changes in Fund Balances, Governmental Funds
Last Seven Fiscal Years
(Modified accrual basis of accounting)
(expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
Revenues							
Taxes:							
Income Taxes-Individual	$ 2,213,891	$ 2,193,040	$ 2,063,414	$ 2,427,239	$ 2,410,234	$ 2,693,548	$ 2,654,294
Income Taxes-Corporate	169,343	205,759	178,161	199,937	277,265	426,725	772,668
Sales Tax	1,475,338	1,478,325	1,437,630	1,623,423	1,682,636	1,843,803	1,968,931
Gross Production Taxes	561,713	226,094	468,064	656,035	737,204	1,036,888	822,888
Motor Vehicle Taxes	270,724	250,870	539,748	572,844	574,800	584,294	609,669
Fuel Taxes	263,128	274,476	378,021	383,871	407,276	414,677	401,992
Tobacco Taxes	-	-	-	-	124,347	216,512	220,556
Insurance Taxes	152,746	174,424	197,799	173,535	81,852	76,874	104,403
Beverage Taxes	128,591	55,637	66,291	68,617	71,300	75,517	79,996
Other Taxes	191,385	223,163	210,982	163,262	285,808	343,978	339,330
Licenses, Permits and Fees	220,235	243,821	244,143	257,683	285,323	296,521	289,717
Interest and Investment Revenue	202,290	72,649	191,728	234,560	294,796	382,545	637,729
Federal Grants	3,265,672	3,661,140	3,945,318	4,314,751	4,493,290	4,770,328	5,006,861
Sales and Services	149,868	149,237	163,384	158,314	169,374	183,369	185,278
Other	324,281	401,243	348,298	416,874	388,193	434,451	366,988
Total Revenues	9,589,205	9,609,878	10,432,981	11,650,945	12,283,698	13,780,030	14,461,300
Expenditures							
Education	3,345,934	3,387,027	3,319,533	3,413,856	3,534,042	3,762,683	4,218,333
General Government	503,015	385,320	981,408	1,242,562	1,478,107	1,607,212	1,604,462
Health Services	359,078	396,472	390,047	385,634	3,144,918	3,447,085	3,936,893
Legal and Judiciary	158,085	164,410	163,576	155,822	170,337	190,644	207,229
Museums	9,409	9,302	7,943	9,497	11,171	30,316	17,045
Natural Resources	187,661	182,524	186,898	170,469	191,514	231,616	238,075
Public Safety and Defense	675,513	737,410	607,896	596,905	628,901	674,494	773,813
Regulatory Services	168,128	167,360	174,004	70,559	81,333	114,871	108,231
Social Services	3,280,669	3,684,277	3,822,301	4,118,013	1,589,397	1,697,057	1,758,475
Transportation	180,821	233,439	222,475	205,421	146,013	224,885	173,532
Capital Outlay	678,942	721,007	669,574	635,411	673,562	768,003	918,055
Debt Service							
Principal Retirement	55,675	63,850	75,226	28,212	31,550	98,512	103,606
Interest and fiscal Charges	42,275	53,453	46,174	45,615	47,769	68,383	69,769
Total Expenditures	9,645,205	10,185,851	10,667,055	11,077,976	11,728,614	12,915,761	14,127,518
Revenues in Excess of (Less Than) Expenditures	(56,000)	(575,973)	(234,074)	572,969	555,084	864,269	333,782
Other Financing Sources (Uses)							
Transfers In	25,262	4,256	7,363	6,575	4,439	50,405	80,606
Transfers Out	(26,306)	(3,581)	(6,786)	(6,196)	(4,076)	(10,080)	(10,634)
Bonds Issued	157,340	41,810	12,930	34,180	47,940	614,400	6,430
Notes Issued	-	-	24,190	54,770	-	48,875	95,675
Refunding Bonds Issued	-	3,135	353,380	22,070	118,825	-	-
Bond Issue Premiums	2,203	148	35,784	2,670	8,497	14,562	4,573
Bond Issue Discounts	-	(39)	(103)	(182)	(421)	(975)	(82)
Payment to Refunded Bond Escrow Agent	-	(3,135)	(93,670)	(298,591)	(126,670)	-	-
Capital Leases and Certificates of Participation	2,343	879	2,935	1,886	311	248	2,501
Sale of Capital Assets	10,930	9,049	9,212	11,008	11,764	13,191	7,613
Total Other Financing Sources (Uses)	171,772	52,522	345,235	(171,810)	60,609	730,626	186,682
Net Changes in Fund Balances	**115,772**	**(523,451)**	**111,161**	**401,159**	**615,693**	**1,594,895**	**520,464**
Fund Balances - Beginning of Year (as restated)	3,377,863	3,496,917	2,985,307	3,096,773	3,497,932	4,113,814	5,684,898
Fund Balances - End of Year	$ 3,493,635	$ 2,973,466	$ 3,096,468	$ 3,497,932	$ 4,113,625	$ 5,708,709	$ 6,205,362
Debt Service as a Percentage of Noncapital Expenditures	1.1%	1.2%	1.2%	0.7%	0.7%	1.4%	1.3%

State of Oklahoma
Personal Income by Industry
Last Six Calendar Years
(expressed in millions)

	2001	2002	2003	2004	2005	2006
Total Personal Income	$ 90,161	$ 90,178	$ 93,032	$ 98,095	$ 106,111	$ 115,960
Farm Earnings	625	774	736	917	870	401
Nonfarm Earnings	65,716	65,337	68,022	72,218	78,528	85,495
Private Earnings	**52,287**	**51,078**	**53,238**	**56,529**	**61,924**	**67,680**
Agriculture Services, Forestry	168	148	161	177	189	186
Mining, Oil & Natural Gas Extraction	3,673	3,261	4,002	4,549	6,389	8,265
Utilities	1,043	1,178	1,386	1,444	1,274	1,385
Construction	3,350	3,216	3,363	3,533	3,806	4,112
Manufacturing	**11,111**	**9,826**	**10,186**	**10,457**	**12,178**	**12,943**
Durable Goods	5,165	4,996	5,116	5,164	5,270	5,759
Nondurable goods	5,946	4,831	5,070	5,293	6,908	7,184
Wholesale Trade	2,662	2,790	2,747	2,938	3,209	3,548
Retail Trade	4,728	4,871	4,932	5,096	5,311	5,578
Transportation and Warehousing	2,985	2,537	2,573	2,776	2,865	3,260
Services	22,567	23,251	23,888	25,559	26,704	28,403
Government	**13,429**	**14,259**	**14,784**	**15,689**	**16,604**	**17,814**
Federal, civilian	3,149	3,352	3,446	3,696	3,816	4,001
Military	1,624	1,851	2,128	2,265	2,392	2,621
State and Local	8,656	9,056	9,210	9,728	10,395	11,192
Highest Personal Income Tax Rate	6.75%	6.75%	7.00%	7.00%	6.65%	5.65%
Corporate Income Tax Rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, and the Oklahoma Tax Commission
Note: Totals may not add due to rounding.

State of Oklahoma
Personal Income Tax Filers and Liability by Adjusted Gross Income
Calendar (Tax) Years 2005 and 1996

Calendar Year 2005

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	133,391	9%	$1,221,448,289	45%
$75,001 - $100,000	98,760	6%	349,854,184	13%
$50,001 - $75,000	189,272	12%	461,162,748	17%
$25,001 - $50,000	381,478	25%	481,721,956	18%
$10,001 - $25,000	417,375	27%	154,829,610	6%
$10,000 and lower	333,572	21%	10,341,898	1%
Total	1,553,848	100%	$2,679,358,685	100%

Calendar Year 1996

Adjusted Gross Income Level	Number of Filers	Percentage of Total	Personal Income Tax Liability	Percentage of Total
$100,001 and higher	55,841	4%	$479,552,187	30%
$75,001 - $100,000	48,371	3%	176,311,884	11%
$50,001 - $75,000	140,252	10%	349,938,065	22%
$25,001 - $50,000	340,199	25%	433,903,471	27%
$10,001 - $25,000	428,862	31%	148,819,906	9%
$10,000 and lower	370,419	27%	12,014,700	1%
Total	1,383,944	100%	$1,600,540,213	100%

Source: Oklahoma Tax Commission

State of Oklahoma
Tax Collections
For Last Five Fiscal Years

Taxes	2003	2004	2005	2006	2007
Aircraft Excise Tax	$ 3,561,783	$ 2,130,160	$ 3,839,124	$ 2,781,702	$ 4,894,881
Alcoholic Beverage Excise Tax	24,025,186	25,032,825	26,311,626	27,226,193	19,298,490
Beverage Tax	23,866,102	24,003,209	23,735,552	24,253,880	24,876,901
Bingo Tax	6,184,991	4,978,884	4,051,661	1,640,473	1,088,643
Charity Games Tax	486,646	376,960	308,613	136,253	107,404
Cigarette Tax	50,346,995	40,475,363	95,450,565	195,787,044	197,416,262
City Use Tax - Collect/Deposit	454,259	567,686	660,926	790,748	897,305
Coin Operated Device Decal	3,830,917	3,925,921	4,159,453	2,811,672	3,560,571
Conservation Excise Tax	-	-	-	-	-
Controlled Dangerous Substance Tax	-	-	6,653	23,564	19,295
County Tax (Use & Lodging)	-	-	125,697	150,697	192,820
Diesel Fuel Excise Tax	81,089,139	83,245,595	102,260,840	97,859,124	60,427,734
Documentary Stamp Tax	10,304,768	12,047,669	14,000,568	16,768,900	17,153,783
Farm Implement Tax Stamps	-	-	7,010	5,870	6,305
Franchise Tax	41,854,891	41,660,448	40,671,476	41,476,258	43,068,528
Freight Car Tax	764,012	741,459	765,646	755,298	782,258
Gamining Exclusivity Fees	-	-	1,653,098	14,191,695	43,618,582
Gasoline Excise Tax	295,106,890	302,366,783	301,720,983	297,350,256	207,928,969
Gross Production Tax - Oil and Gas	539,938,656	645,764,813	751,196,057	1,044,377,673	787,621,631
Horse Track Gaming	-	-	-	3,145,867	10,019,698
Income Tax (Individual)	2,113,947,134	2,319,213,479	2,469,593,556	2,755,776,194	2,774,850,747
Income Tax (Corporate)	104,447,596	133,308,896	168,889,848	304,381,318	554,759,229
Inheritance and Estate Tax	74,927,778	111,145,361	75,708,394	81,923,012	69,312,845
Insurance Premium Tax	156,636,886	275,709,270	139,575,679	129,587,854	175,865,558
Mixed Beverage Gross Receipts Tax	18,434,327	19,384,468	20,950,603	23,378,598	25,754,035
Occupational Health and Safety Tax	1,563,901	1,796,126	1,791,197	1,919,509	2,263,308
Pari-Mutuel Taxes	2,687,696	2,799,509	1,827,015	1,638,435	1,834,816
Pari-Mutuel - Other Tax	21,350	22,390	13,836	14,948	18,645
Petroleum Excise Tax	8,012,472	9,286,470	11,310,702	15,540,837	13,214,922
Rural Electric Co-operative Tax	18,487,011	20,431,429	17,306,353	25,307,409	1,448,501
Sales Tax	1,404,275,613	1,496,365,797	1,546,643,407	1,677,854,488	1,790,192,096
Sales Tax - City	10,941,969	9,853,256	10,327,761	12,798,204	13,735,769
Sales Tax - County	1,123,179	1,538,470	1,865,652	2,208,807	2,853,056
Special Fuel Decal	297,866	272,297	268,856	221,878	719,261
Special Fuel Use Tax	152,939	37,152	18,719	24,767	1,461,588
Tag Agent Remittance Tax	540,300,580	572,966,808	553,892,770	575,997,301	277,606,225
Telephone Surcharge	1,196,625	904,408	978,355	953,770	925,799
Tobacco Products Tax	12,282,099	12,423,543	17,199,744	26,059,833	23,700,748
Tourism Gross Receipt Tax	4,289,009	4,742,439	4,801,137	5,175,280	5,532,552
Tribal Compact in Lieu of Tax Payments	9,468,712	10,579,504	15,099,194	20,383,536	22,734,204
Unclaimed Property Tax	27,678,270	39,408,944	52,245,461	10,829,856	11,849,607
Unclassified Tax Receipts	5,181	53,627	41,819	62,370	135,530
Use Tax	75,860,919	98,007,540	114,197,882	133,775,850	155,857,219
Vehicle Revenue Tax Stamps	44,847	45,275	43,908	45,452	46,074
Workers' Compensation Awards - Assessments	39,422,004	28,749,473	26,242,427	2,479,167	31,355,388
Workers' Compensation Insurance Premium Tax	5,572,798	6,325,844	6,617,592	7,259,704	7,652,100
Other Taxes	15,513,185	16,427,233	20,791,539	18,902,571	17,453,681
Total	$ 5,729,407,181	$ 6,379,116,783	$ 6,649,168,954	$ 7,606,034,115	$ 7,406,113,563

Prepared on cash basis to aid in budgetary analysis.
Source: Oklahoma Tax Commission

State of Oklahoma
Percentage of Annual Debt Service Expenditures for General Bonded Debt to Total Expenditures Governmental Funds

For Last Seven Fiscal Years
(expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
Debt Service							
Principal Retirement	$ 55,675	$ 63,850	$ 75,226	$ 28,212	$ 31,550	$ 98,512	$ 103,606
Interest and Fiscal Charges	42,275	53,453	46,174	45,615	47,769	68,383	69,769
Total Debt Service	97,950	117,303	121,400	73,827	79,319	166,895	173,375
Total Expenditures	$ 9,645,205	$ 10,185,851	$ 10,667,055	$ 11,077,976	$ 11,728,614	$ 12,915,761	$ 14,127,518
Ratio	1.016%	1.152%	1.138%	0.666%	0.676%	1.292%	1.227%

State of Oklahoma
Revenue Bond Coverage
Enterprise Fund and Component Units

For Last Ten Fiscal Years
(expressed in thousands)

	Fiscal Year Ended June 30	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
COMPONENT UNITS:						
Oklahoma Student Loan Authority	2007	$ 65,329	$ 887	$ 64,442	$ 41,813	1.54
	2006	50,446	1,431	49,015	56,296	0.87
	2005	33,029	3,979	29,050	30,846	0.94
	2004	21,306	3,367	17,939	10,452	1.72
	2003	22,266	3,106	19,160	19,617	0.98
	2002	26,790	3,639	23,151	15,113	1.53
	2001	31,505	3,679	27,826	18,474	1.51
	2000	24,101	5,011	19,090	11,272	1.69
	1999	19,138	3,418	15,720	12,399	1.27
	1998	16,806	2,806	14,000	12,753	1.10
Oklahoma Housing Finance Agency	2006	$ 36,019	$ 12,278	$ 23,741	$ 50,091	0.47
	2005	33,503	11,525	21,978	76,490	0.29
	2004	39,740	11,870	27,870	117,072	0.24
	2003	43,239	11,110	32,129	87,628	0.37
	2002	61,492	10,722	50,770	102,995	0.49
	2001	79,650	10,955	68,695	77,381	0.89
	2000	67,974	6,782	61,192	96,456	0.63
	1999	67,168	5,786	61,382	110,584	0.56
	1998	41,326	5,268	36,058	52,906	0.68
	1997	49,053	8,463	40,590	43,536	0.93
Oklahoma Turnpike Authority	2006	$ 208,835	$ 64,819	$ 144,016	$ 82,546	1.74
	2005	203,372	59,883	143,489	91,624	1.57
	2004	195,710	53,340	142,370	91,799	1.55
	2003	188,999	52,441	136,558	79,430	1.72
	2002	194,531	48,797	145,734	102,773	1.42
	2001	191,988	45,868	146,120	72,031	2.03
	2000	170,135	40,865	129,270	67,611	1.91
	1999	167,341	40,932	126,409	78,702	1.61
	1998	161,660	36,545	125,115	70,376	1.78
	1997	131,279	32,713	98,566	53,450	1.84
Grand River Dam Authority	2006	$ 300,888	$ 181,698	$ 119,190	$ 100,131	1.19
	2005	289,868	164,443	125,425	100,986	1.24
	2004	235,641	121,399	114,242	101,869	1.12
	2003	213,124	109,850	103,274	102,609	1.01
	2002	203,020	104,945	98,075	103,065	0.95
	2001	203,860	101,018	102,842	103,108	1.00
	2000	216,046	114,725	101,321	94,243	1.08
	1999	195,738	90,114	105,624	94,356	1.12
	1998	215,879	109,795	106,084	95,830	1.11
	1997	192,904	89,046	103,858	111,560	0.93
Oklahoma Municipal Power Authority	2006	$ 167,944	$ 132,472	$ 35,472	$ 30,265	1.17
	2005	170,128	133,730	36,398	32,779	1.11
	2004	139,703	102,548	37,155	31,813	1.17
	2003	134,334	98,703	35,631	31,973	1.11
	2002	115,514	80,521	34,993	30,290	1.16
	2001	118,382	84,156	34,226	29,156	1.17
	2000	121,023	88,192	32,831	28,108	1.17
	1999	96,014	70,975	25,039	28,020	0.89
	1998	99,538	70,953	28,585	28,148	1.02
	1997	88,127	61,304	26,823	24,622	1.09
Higher Education	2007	$ 3,950,840	$ 3,201,403	$ 749,437	$ 194,053	3.86
	2006	3,726,961	3,004,968	721,993	117,155	6.16
	2005	3,193,703	2,697,338	496,365	60,609	8.19
	2004	3,055,770	2,586,517	469,253	86,143	5.45
	2003	2,638,386	2,441,841	196,545	55,145	3.56
	2002	2,489,644	2,327,184	162,460	30,565	5.32
	2001	2,300,325	2,125,609	174,716	27,178	6.43

	Fiscal Year Ended June 30	Gross Revenues (1)	Operating Expenses (2)	Net Revenues for Debt Service	Debt Service Requirements	Debt Serv. Coverage
ENTERPRISE FUND:						
Oklahoma Water Resources Board	2007	$ 14,992	$ 781	$ 14,211	$ 140,922	0.10
	2006	14,815	1,813	13,002	59,607	0.22
	2005	11,955	2,092	9,863	49,697	0.20
	2004	-	1,519	(1,519)	57,564	-0.03
	2003	21,702	1,706	19,996	21,134	0.95
	2002	26,227	1,687	24,540	43,670	0.56
	2001	10,702	1,175	9,527	19,654	0.48
	2000	14,620	3,699	10,921	25,301	0.43
	1999	11,932	1,000	10,932	28,188	0.39
	1998	12,411	816	11,595	15,226	0.76

(1) Gross revenues including interest and investment income but excluding revenues restricted to other debt
(2) Operating expenses, exclusive of depreciation and operating interest (where applicable)
- Revenue bond coverage is not intended to portray compliance with bond indenture agreements.
- Upon implementation of GASB Statement 34, Higher Education was included within the Component Units. Comparable data prior to their inclusion is not available.

State of Oklahoma
Major Employers by Size
Non-Government (Listed Alphabetically)
2007

Non-Government Major Employers 1998	Non-Government Major Employers 2007	Employment 2007	Percentage of Total State Employment 2007
5,001 OR MORE EMPLOYEES	**5,001 OR MORE EMPLOYEES**		
Wal-Mart Stores, Inc.	Wal-Mart Stores, Inc.	29,800	1.39%
AMR Corp.	AMR Corp.	8,000	0.37%
Columbia HCA Healthcare	YUM! Brands	6,000	0.28%
Integris Health	Integris Health	5,600	0.26%
3,001 TO 5,000 EMPLOYEES	**3,001 TO 5,000 EMPLOYEES**		
Commercial Financial Services	Saint Francis Hospital	4,500	0.21%
St. John Medical Center, Inc.	St. John Medical Center, Inc.	4,250	0.20%
General Motors Corporation	Choctaw Nation of Oklahoma	4,000	0.19%
W. H. Braum, Inc.	W. H. Braum, Inc.	3,700	0.17%
Homeland Stores	Albertson's	3,500	0.16%
Southwestern Bell Telephone (SBC)	AT&T (formerly SBC)	3,500	0.16%
Phillips Petroleum Co.	ConocoPhillips	3,500	0.16%
Dillard Department Stores	Seaboard Farms	3,500	0.16%
Hertz Corporation	Hertz Corporation	3,400	0.16%
Mercy Health Center	Goodyear Tire & Rubber Co.	3,300	0.15%
Lucent Technologies	HCA Healthcare	3,300	0.15%

Source: Oklahoma Department of Commerce

State of Oklahoma
Demographic and Economic Statistics
Last Five Fiscal Years

	Population [a] (in thousands)				Personal Income [b] (in thousands)	Per Capita Personal Income [b]			Civilian Labor Force [c]		
Year	U. S.	Change from Prior Period	State of Oklahoma	Change from Prior Period	State of Oklahoma	U. S.	State of Oklahoma	Oklahoma as a Percentage of U.S.	Employed	Unemployed	Unemployment Rate
2002	287,985	1.01%	3,487	0.61%	$90,177,804	$30,810	$25,861	83.94%	1,607,411	78,131	4.6%
2003	290,850	0.99%	3,505	0.52%	93,091,822	31,484	26,560	84.36%	1,608,166	101,187	5.9%
2004	293,657	0.97%	3,524	0.54%	98,095,384	33,050	27,840	84.24%	1,628,232	88,335	5.1%
2005	296,410	0.94%	3,548	0.68%	104,060,000	34,586	29,330	84.80%	1,664,656	78,074	4.5%
2006	298,755	0.79%	3,578	0.85%	115,960,000	36,276	32,210	88.79%	1,631,830	71,830	4.2%

[a] Source: Oklahoma Department of Commerce and U.S. Census Bureau as adjusted.
[b] Source: U.S. Bureau of Economic Analysis as adjusted.
[c] Source: Oklahoma Employment Security Commission and U.S. Bureau of Labor Statistics as adjusted.

State of Oklahoma
School Enrollments
For the Years 2001 through 2006

Public School Enrollments:	2001	2002	2003	2004	2005	2006
Early childhood	21,111	22,787	24,476	26,297	29,685	33,418
Kindergarten	39,067	39,242	40,801	42,603	44,193	48,667
Elementary School	239,247	238,068	233,332	231,626	230,323	255,144
Junior High School	109,546	110,627	112,790	113,080	112,771	117,026
Senior High School	150,519	148,822	148,900	148,816	149,585	157,248
No-High School Districts (Grades 1-8)	16,707	16,594	16,757	16,669	16,421	19,435
Special Education (Ungraded)	2,934	2,904	3,062	3,161	2,499	3,802
Out-of-Home Placements	1,613	1,751	1,648	1,674	1,687	1,777
Total	580,744	580,795	581,766	583,926	587,164	636,516
Higher Education:						
Public Institutions	216,758	220,448	225,040	230,090	237,455	235,730
Private Institutions	30,185	30,264	29,007	27,125	24,661	24,060
Total	246,943	250,712	254,047	257,215	262,116	259,790
Career-Technology Education:						
Secondary *	133,054	138,042	145,788	151,833	151,703	154,857
Adult	316,789	327,829	330,095	357,619	375,790	404,260
Total	449,843	465,871	475,883	509,452	527,493	559,117

* These students may also be included in public school enrollments above.
Sources: Department of Education, Regents for Higher Education, and Department of Vocational and Technical education.

State of Oklahoma
Government Employees by Function
Fiscal Years 2001 through 2006
(excluding Higher Education)

	2001	2002	2003	2004	2005 [a]	2006 [a]
Function:						
Education	1,355	1,176	1,203	1,079	1,026	1002
General Government	2,807	1,477	2,573	2,443	1,993	2,105
Health Services	4,370	4,358	4,158	4,195	3,998	4709
Legal and Judiciary	628	647	586	582	341	444
Museums	207	219	186	187	158	164
Natural Resources	3,608	3,346	3,318	3,382	2,704	2,010
Public Safety and Defense	7,563	7,539	7,245	7,212	6,911	8835
Regulatory Services	1,458	1,411	1,448	1,417	1,244	1,839
Social Services	13,024	13,037	12,692	13,043	12,197	11,810
Transportation	2,958	2,940	2,941	3,001	2,945	3027
Total	37,978	36,150	36,350	36,541	33,517	35,945

Source: State Office of Personnel Management (OPM)
[a] OPM changed to the PeopleSoft HRMS system in FY2005. Information beginning with FY2005 includes only full-time, regular employees.

State of Oklahoma
Capital Asset Utilization by Function-
Primary Government
Last Seven Fiscal Years

(net of depreciation, expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007
Governmental activities:							
Education	$ 15,008	$ 20,719	$ 19,984	$ 19,423	$ 19,213	$ 19,079	$ 18,592
General Government	106,599	118,072	142,828	150,593	150,583	161,620	161,339
Health Services	34,478	35,054	34,349	32,876	32,003	30,632	28,161
Legal and Judiciary	702	490	278	100	20	139	300
Museums	6,549	6,419	6,593	6,879	6,760	6,607	6,454
Natural Resources	114,356	113,547	95,123	94,712	98,016	99,250	103,066
Public Safety and Defense	211,201	220,982	260,661	266,182	278,764	297,093	306,970
Regulatory Services	1,217	1,146	888	624	552	637	697
Social Services	115,821	147,036	165,406	176,706	192,402	198,744	203,034
Transportation	6,300,187	5,761,173	6,042,589	6,184,651	6,268,343	6,444,886	6,828,923
Governmental actiitivities, net	$ 6,906,118	$ 6,424,638	$ 6,768,699	$ 6,932,746	$ 7,046,656	$ 7,258,687	$ 7,657,536
Business-type activities:							
Enterprise Funds	$ 116	$ 114	$ 121	$ 220	$ 175	$ 608	$ 1,028
Business-type activities,net	$ 116	$ 114	$ 121	$ 220	$ 175	$ 608	$ 1,028

State of Oklahoma
Operating Indicators for Governmental Functions
Fiscal Year 2007

	2007
General Government	
Department of Central Services	
Number of motor vehicles maintained	1,019
Number of buildings managed by DCS	17
Health Services	
Department of Health	
Protective services:	
Retail food establishment inspections	24,704
Food inspections	45,847
Nursing Homes:	
Facility licensing, inspections and complaints	3,335
Residents (approximate)	18,500
Mental Health and Substance Abuse Department	
Number of patients:	
Mental Health	44,623
Substance Abuse	19,470
Hospitals - Inpatient Care	3
Legal and Judiciary	
Oklahoma Indigent Defense system	
Provides legal representation for indigent citizens	
charged with committing criminal acts.	
Represented - Total Court Appointments	38,556
Included above: Non-capital trial cases	32,000
Capital trial cases	65
General appeals cases	696
Average cost: Non-capital case	$463
Capital case	$38,708
Museums	
J. M. Davis Memorial	
Number of artifacts	45,000
Visitors per year (average)	22,000
Oklahoma Historical Society	
Center - 18 acres 21,500 sq. ft.	
Number of artifacts	2,000
Visitors and researchers per year (average)	200,000
Will Rogers Memorial	
Museum - 9 Galleries - 16,652 sq. ft.	
Library - 2,400 sq. ft.	
Archives - number of documents, photographs	18,000
Visitors and researchers per year (average)	116,000
Natural Resources	
Wildlife Conservation	
Number of Anglers in State (last census)	774,000
Number of Hunters (last census)	261,000
Number of Wildlife Watchers (last census)	1,131,000

	2007
Public Safety and Defense	
Department of Corrections	
Capacity (Number of Beds)	24,845
Prison Population	24,124
As a percentage of capacity	97.1%
Cost to house an inmate:	
Per diem cost/day - Maximum Security	$60.07
Per diem cost/day - Medium Security	$51.94
Regulatory Services	
Oklahoma Corporation Commission	
Number of regulated utilities	586
Hearings and administrative proceedings	33,523
Motor carrier vehicles registered (semi tractors)	156,895
Oil and gas wells plugged (leaking, abandoned)	2,016
Petroleum storage tanks inspected	3,816
Retail gasoline pump inspections	70,465
Social Services	
Department of Human Services	
Adoptive home placements	9,923
Adult services (protective and day services)	29,098
Child care services provided (monthly average)	45,246
Licensed facilities	5,533
Licensed capacity	140,507
Child protective services-Investigations and assessments	13,827
Child support enforcement (monthly average cases)	169,394
Developmental Disabilities Persons Served	12,692
Elderly support services (meals)	4,117,680
Food stamps (monthly average persons)	433,372
Foster care children (monthly average)	7,898
Medicaid (monthly average persons)	566,809
Oklahoma Employment Security Commission	
Initial unemployment claims	112,153
Unemployment insurance paid	$153,706,474
Transportation	
Oklahoma Department of Transportation	
State Highway System	12,266 miles
Bridges on the State Highway System	6,728
System usage growth next 20 years (est)	
Automobiles	33%
Trucks	70%
Average annual growth from 2001 to 2003	3.6%
Freight railroads operating in Oklahoma	20
Passenger railroad	1
Rail passengers (average per year)	54,000
Railroad track	3,234 miles
Public Waterway Ports	2
Annual tonnage through the ports (average)	2,725,000 tons

State of Oklahoma
Additional Information and Sources of Statistical Data
Fiscal Year 2007

Additional Information:

The population of Oklahoma has steadily increased since 2002, averaging .64% per year.

The state unemployment rate is at 4.2% which is the lowest rate since 2002 and below the national rate. Oklahoma's unemployment rate has been below the national average since 1996.

Oklahoma's total personal income rate has steadily increased at an average of 5.23% annually since 2002. During the same period, personal income per capita increased by 4.42% averaged annually compared to 3.49% nationally.

As a result, annual total tax collections since 2003 have increased by $1,566,041,992 or 27.3%.

Please refer to the preceding statistical tables, managements discussion and analysis, the financial statements and notes for more details and analysis.

Sources of Statistical Data:

Data provided in the statistical section of the CAFR is the latest available at the time of publication.

Primary sources of statistical data provided in the Statistical Section of the CAFR include:

Oklahoma Department of Commerce
Oklahoma Department of Labor
Oklahoma Employment Security Commission
Oklahoma Tax Commission
Oklahoma Department of Education
Oklahoma Regents for Higher Education
Oklahoma Department of Vocational and Technical Education
Oklahoma Office of Personnel Management
U. S. Bureau of Labor Statistics
U. S. Census Bureau
U. S. Department of Commerce
U. S. Bureau of Economic Analysis

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Accounting and Reporting Unit	- Jennie Pratt, CPA, Accounting Supervisor
	- Lisa Raihl, CPA, Accounting and Reporting Analyst
	- Dan Thomason, CPA, Accounting and Reporting Analyst
	- Jean Hayes, Payroll Compliance Officer
	- Roger Sprague, Accountant
	- Vivian Day, Accountant
	- Beth Brox, Administrative Assistant
	- Norcetta Whitfield, Administrative Technician

With Assistance From

Office of State Finance

Finance Division	- Riley Shaull, CFO
Budget Division	- Brandy Manek, Budget Director
Budget Division	- Shelly Paulk, Budget Analyst
Budget Division	- Georgiana Stephens, Budget Analyst
Information Services Division	- Joe Fleckinger, Information Services Director

Office of the State Auditor and Inspector

State Auditor and Inspector	- Jeff McMahan
State Agency Audit Division	- Kevin Wright, CPA, Director
	- Billy Swindell, CPA, Audit Manager, and Team

Office of State Bond Advisor

State Bond Advisor	- James Joseph
Senior Bond Analyst	- Tim Martin

State Agency Finance Officers and Team

digiPrint - James Aiken, Team

Special Thanks To

Colin McEwen, Oklahoma Centennial Commission
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OKLAHOMA

General Information

Admitted to Union (46th State)……1907
Capital……...Oklahoma City
2006 Population……3,579,212
Population per square mile……....50
Counties……....77

State Symbols

Nickname……Sooner State
Motto……*Labor Omnia Vincit* (Labor Conquers All Things)
Colors……Green and White
Flower……..Mistletoe
Tree…… …Redbud
Bird……Scissor-tailed Flycatcher
Animal……American Buffalo
Fish……...White Bass (Sand Bass)
Butterfly……..Black Swallowtail
Reptile……Mountain Boomer (Collared Lizard)
Rock……..Rose Rock

Area

Total Area……69,906 square miles
Land Area……68,679 square miles
Water Area……..1,224 square miles

Recreation

Number of State Parks……50
Number of State Trails……99
Number of Lakes (100 acres or larger)……135

1907

OKLAHOMA NATIVE AMERICA CENTENNIAL

2007

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